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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION (Ontario)

THURSDAY, NOVEMBER 26, 1987



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)

VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)

Ballinger, William G. (Durham-York L)

Carrothers, Douglas A. (Oakville South L)

Dietsch, Michael M. (St. Catharines-Brock L)

Fawcett, Joan M. (Northumberland L)

Martel, Shelley (Sudbury East NDP)

Offer, Steven (Mississauga North L)

Pope, Alan W. (Cochrane South PC)

Runciman, Robert W. (Leeds-Grenville PC)

Smith, David W. (Lambton L)

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Bedford, David, Research Officer, Legislative Research Service

Witness:

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, November 26, 1987

The committee met at 10:09 a.m. in room 151.

ORGANIZATION

Clerk of the Committee: Honourable members, it is my duty to call upon you to elect a chairman. Are there any nominations please?

Mr. Ballinger: I will be very pleased to nominate Ed Philip as the chairman of this committee.

Clerk of the Committee: Are there any other nominations? There being no other nominations, I declare Mr. Philip elected chairman of the committee.

Mr. Chairman: I hope this gavel is something I will not have to use very often.

Mr. Ballinger: I should have thought of that when I sat this close.

Mr. Chairman: Before my opening remarks, it is my duty to ask the committee to elect a vice-chairman. Are there any nominations?

Mr. Dietsch: I would be pleased to nominate Gilles Pouliot.

Mr. Chairman: Gilles Pouliot has been nominated. Are there any other nominations? Hearing no further nominations, I declare Gilles Pouliot elected vice-chairman of the standing committee on public accounts.

I want to thank the members for my election as chairman of this committee. I have been a member of the committee for a great number of years. I know that a number of you are new to the House, let alone new to the committee. I think this is one of the most important committees because the work we are doing in fact saves the taxpayers an awful lot of money. It is my intention to be available to all members of all parties on the committee in a nonpartisan way and I hope we can work together in the nonpartisan nature of this committee.

There are basically two committees that are supposed to be nonpartisan in this Legislature. One is the standing committee on the Ombudsman that takes care of the human rights of citizens. The other is the standing committee on public accounts that I see analagous to the Ombudsman's committee because it takes care of the taxpayers' rights.

I want to start off by introducing our staff. First of all, our Provincial Auditor, Doug Arnott, on my left who all of you have met. Doug will introduce any staff that may be with him at the moment.

Mr. Smith: Doug Archer.

Mr. Chairman: I am sorry, Doug Archer. I am starting off well.

On my right is our clerk, Doug Arnott, who has been with the committee

as our clerk for a number of years, Wendy MacDonald who has fairly recently joined the committee as researcher and David Bedford, also a researcher with the committee.

Mr. Archer: May I introduce John Sciarra, administrative assistant for the office.

Mr. Chairman: There is no further staff? I was not sure who the gentlemen was at the back.

Mr. Ballinger: I would like to take the opportunity if I could to introduce the gentleman here. The gentleman with me this morning is Lenny Miller who is the mayor of Catawissa, Pennsylvania. I was mayor of Uxbridge. Our two communities are historically twinned. Lenny and his family come up every American Thanksgiving now and spend it with us. Aside from the historical twinning of our communities, we have become exceptionally good friends as families and we share holidays back and forth. Rather than sitting at home watching the soap operas in Uxbridge this morning, I convinced Lenny he should come to Queen's Park and watch the soap operas.

Mr. Chairman: You are more than welcome. Even though today will be mainly an organizational meeting, we hope you will still find it interesting.

I know that most of us have met one another in an informal way, but it would be perhaps useful if each member who is here would introduce himself, his riding and anything else that they may wish to say about themselves, their background, the name of their party or any other information they feel is relevant to members of the committee.

Miss Martel: Do I get to start? I am Shelley Martel and I represent the riding of Sudbury East. That is all I want to say.

Mr. Chairman: Shelley has been suffering from a terrible cold.

Mr. Ballinger: It is the north wind.

Miss Martel: I want to tell you.

Mr. Offer: Steven Offer of the riding of Mississauga North.

Mr. Dietsch: My name is Mike Dietsch. I am from the riding of St. Catharines-Brock.

Mrs. Fawcett: Joan Fawcett from the riding of Northumberland.

Mr. Carrothers: Doug Carrothers from the riding of Oakville South.

Mr. Ballinger: Bill Ballinger from the riding of Durham-York and pleased to be part of the Red Army chorus.

Mr. Smith: David Smith, the member for Lambton. I am certainly pleased to be back on this committee. I found it very interesting for the last two years and I am sure we will for the next however long we are here.

Mr. Chairman: Mr. Smith is one of the older chorus members on the committee.

One of things we should keep in mind is the relationship between the

public accounts committee and the Provincial Auditor. It is set out in statutory form in the Audit Act, which you will receive shortly, in chapter 35. In particular, the committee may require the auditor and his staff to attend at meetings to report on any matter referred by resolution of the committee or to perform special assignments. There are only two other committees that have that kind of relationship with what could be called an outside body. That would be the regulations committee and the Ombudsman's committee. I am fairly familiar with the Ombudsman's committee because I have served on it and it is the same type of relationship with the Ombudsman by statute.

Over the years, the committee has evolved a practice requiring notice to be given at one meeting of a motion to be moved at the next sitting of the committee. The one meeting's advance notice of motion applies to motions proposed to be substantial in nature; in other words, procedural motions do not fall under that category and it may be waived by the unanimous consent of the committee. The normal procedure we have followed is that the mover of the motion is allowed a short statement, and by that we mean two to five minutes, telling the committee why he or she wishes to move that particular motion. Members usually then have, if the committee is sitting on a daily basis, at least one day to think about it. On a weekly basis when the House is sitting, there at least one week to think about it.

If anyone wishes to amend that procedure or change it in any way, perhaps you can think about it and let us know and we can consider it at a future meeting, but until I hear the committee ruling otherwise, I will follow that historical rule of the committee.

Are there any questions on that? In other words if, for example, someone wished to move an inquiry into the domed stadium or something like that which was not on our agenda, he or she would move the motion, give a reason why he wished the committee to look into that particular financial aspect of government and then it would be debated at the next meeting.

Mr. Ballinger: Are those rules part of the normal rules of procedure in the House as well in sort of a subcommittee or do we have specific rules of procedure for this committee?

Mr. Chairman: The committee has to follow the rules of the House. However, the committee may set up its own procedures which it feels useful in the running of its business. I would prefer to have as few rules as possible until we run into any kind of crisis where a rule may be necessary. For example, in the past it has also been the rule on some occasions to limit a particular speaker to 20 minutes. I do not see that is necessary unless we see that some person is taking up most of the time of the committee.

Mr. D. W. Smith: Just on that point, Mr. Chairman: From what I have noticed in the last two years here, when someone does bring a motion forward or wants to bring a motion forward, I think that week gives the other members time to look into a little bit of background. It may be very contentious or it may not be, but in my opinion, I think we should leave it that way until the new committee members see fit to change it, otherwise--I have a feeling they will not after they see it work once or twice but I would say we should leave it the same for the time being.

Mr. Chairman: Another procedure that has been followed in the past--you may want to think about it and if you wish, you may comment, I would prefer to follow unless I have indications from the committee otherwise, and

that is supplementary questions are accepted provided that the major questioner allows it. If somebody is following a particular line of thought, to be interrupted constantly by supplementaries sometimes means losing the line of questioning. On the other hand, the main questioner may feel the supplementary will be particularly helpful to him or to her. Therefore, we leave it up to the questioner whether or not he or she will be interrupted with the supplementary question.

I think that if we are courteous to one another and sensitive to one another, then a lot of rules are not necessary. It only becomes necessary to bang a gavel and impose rules if that does not happen or if we are into an area where people feel so strongly that I guess their emotions carry over their reason or something like that.

1020

Mr. Ballinger: Not with this group; I cannot see that happening at all.

Mr. Chairman: Moving on then, I would like to ask our clerk to provide you some background information. I do not want to floor everybody the first time, but this kit, which you are being provided with, contains the Audit Act, a very interesting--I must compliment Wendy--history of the public accounts committee. I found it fascinating reading and it will be an interesting handout when we make presentations to other provinces at various conventions. There is information from the Canadian Comprehensive Auditing Foundation and from the Canadian Institute of Chartered Accountants. You will also find a comparison of Ontario's committee with those of other jurisdictions that has been prepared by David Bedford. Also in your kit, you will find a copy of the committee's 1985-86 report. Are there any questions on the kit?

I should have done this at the beginning, but it has been suggested by Steve Offer that item 4 of the agenda be set down until the end of the committee hearings so that we may have a maximum amount of time with the Provincial Auditor. It will also allow us to get through the more technical aspects we simply have to do today in case the bells start ringing.

Is it the wish of the committee that item 4, namely, the presentation by the Provincial Auditor, be held as item 8 and that the other items be renumbered accordingly?

Agreed to.

Mr. Chairman: Item 5 is a discussion of the schedule of business. We have in particular the 1986 and 1987 reports of the Provincial Auditor. I think it is useful to have the auditor advise the committee on those issues in the 1987 report that the committee may wish to consider, as well as any outstanding issues from the 1986 report, since he has an ongoing dialogue with the various ministries. Some of the problems, just by the fact that they have been mentioned in the report, by the fact that he and his auditors have been going in with the various offending ministries, may be resolved. To simply have them come back so that we can compliment them and say, "You are good boys; you have repented your sins," may not be all that useful. I would find it useful if we could get that advice from the auditor in the preparation of our agenda.

I also propose that we elect a subcommittee to review the auditor's

suggestion and that the committee members bring forward their comments at future meetings. It has been very useful in this committee and in the Ombudsman's committee to have what we call in the Ombudsman's committee a steering committee. Often there is correspondence and other matters that the whole committee need not take a lot of time with. If it is the wish of this committee, you could elect one from each party who would sit on a subcommittee. The subcommittee will not have the power to make decisions but will have the power to recommend and give reasons. It gives each of the parties input into the subcommittee. Usually we have breakfast meetings.

Mr. Offer: I certainly agree with that particular suggestion. It has proved extremely useful in the past. I have no doubt it will be useful in the future.

Just on a matter of procedure, it would seem to me that this would be the best time to strike such a committee but we do not have a Conservative member present. I am wondering if there has been any indication given to anyone as to any one particular person from the Tories who would like to stand on the steering committee. If not, it might be a little presumptuous to put someone on it.

Mr. Chairman: I wonder if we can just leave it that each of the parties will get back to us with a name. I would imagine that, as the member for Leeds-Grenville (Mr. Runciman) was the chairman of the committee until recently, he would probably be their member on the subcommittee, but it is up to you.

With regard to the agenda, it is my proposal to the committee that the committee not sit next Thursday. The reason for that is that at the last convention of the public accounts committees, it was proposed that a committee be set up to prepare a special paper for the next convention, that it deal with the duties of public accounts committees and that the chairman of the standing committee on public accounts of Ontario be one of the people drafting that report.

That particular committee is meeting in Ottawa next Wednesday and Thursday, which is appropriate, as some of us are going to Ottawa on Monday and Tuesday for the other convention. As my proposal will be to keep Doug and Wendy with me at that important meeting, I think it is difficult for us to have a committee meeting--it is flexible to have a committee without the chairman, but it is more difficult without the clerk and the researchers. So I propose that we not sit next Thursday. Is that agreed? OK.

Having talked to a few of you, I have the feeling, as so many of you are new to the Legislature and new to the committee, that before Christmas, rather than getting directly into some of the contentious and lively items in the auditor's report, it would be useful if we dealt with some of the procedures of public accounts committees. I would therefore propose to the committee that on December 10 we invite Patrick Reid, who was the committee chairman for many years, as the Liberal member for Rainy River, to address the committee on his experiences with the role of the public accounts committee.

During the years in which he was chairman of the public accounts committee there evolved in Canada a number of changes in the way in which public accounts committees, auditors and the Auditor General operate. In fact, their powers started to gradually expand and they become more and more important. So it would be useful to have Patrick Reid appear on the 10th. By great luck, his assistant in his present job with the Ontario Mining

Association was also the researcher for the committee during that time, Elizabeth Gardiner, and she would be pleased to come along.

Mr. Ballinger: What a coincidence.

Mr. Chairman: I do not know whether that was an improvement in salary for her.

I would propose that on December 10, Patrick Reid and Elizabeth Gardiner be invited to address the committee, in what we could call professional development.

Mr. Smith: Do you want a motion to that effect?

Mr. Chairman: Mr. Smith so moves.

All those in favour? Carried unanimously.

Motion agreed to.

Mr. Ballinger: The chairman will be buying lunch, of course.

Mr. Chairman: When you see the budget of what even coffee costs, you may have second thoughts about that.

The 17th will be the last day in which this committee may sit before the recess, and it is usual, and some of the House leaders feel strongly about this, that estimates be dealt while the House is sitting and not during recess.

I realize that for some of you who are new on the committee, it may be difficult to be suddenly dropped into the estimates of the Office of the Provincial Auditor, but we have three hours allocated. Do we not, Doug?

1030

Interjection.

Mr. Chairman: Two hours?

The auditor has kindly consented. He says he would be willing to go with his estimates on December 17.

The early parts of his report that deal with some of the theories and directions he is going actually supply an interesting forum from which we can ask questions and deal with that, in addition to any other questions you may want to ask on the estimates, and they would in a sense be complementary to anything Mr. Reid may have to say. Would somebody like to move that?

Mr. Dietsch: May I ask a question first? Why is the procedure in place that you do not deal with the estimates when the House is not sitting?

Mr. Chairman: I think it is a historical reason. Doug, do you know?

Clerk of the Committee: I am not really sure.

Mr. Chairman: One of the things is that you have to report back to the House, and you are dealing with a fiscal year ending March 31. I assume the House is coming back before March 31, but I suppose it is a matter of

reporting back to the House as soon as possible. Then the estimates are passed, and the House has to be in session.

Mr. Smith: For my own clarification, are these estimates you are talking about found in the white and maroon books? Are those the ones you are talking about?

Mr. Chairman: Yes.

Mr. Smith: Just for my clarification as well as the new members, everyone got a book a few days ago, white, I believe, with maroon lines on it or something like that. The estimates of the Provincial Auditor are in there and that is what we will be going over.

Mr. Chairman: Would somebody like to move the motion?

Mr. Carrothers moved that the committee deal with the estimates of the Office of the Provincial Auditor on December 17.

Motion agreed to.

Mr. Dietsch: Perhaps at the same time, Mr. Chairman, you can get me some type of explanation as to why this takes place in this fashion. I just find it rather odd that we must deal with estimates while the House is sitting and yet we deal with estimates on the last day the House is sitting, or relatively close to the last day. As a new member, I am just trying to understand this.

Mr. Chairman: The reason we are dealing with them on the last day is that we have not been in session, of course, and there was a matter of scheduling.

Another rationalization for why I felt we might deal with the auditor's estimates is that if we start getting into the contents of the auditor's report, with something as complicated, say, as psychiatric services, we are not going to deal with it in one morning. To barely touch the surface and then have to come back three or four weeks later and get back into it just does not make very much sense. I was looking for something that could be adequately handled in a block of time that consisted of one morning session.

Mr. Dietsch: The point is that I came here to work. If whether or not the House is sitting dictates whether we deal with this item--I am just trying to grasp that question. If it requires our working when the House is not sitting, then so be it. I just think it is a matter of importance that should be done.

Mr. Chairman: Believe me, we have plenty of work to do when the House is not sitting. I will be coming to that.

Mr. Offer: On a point of clarification, I am unsure as to the hours allocated for the estimates. If there are three hours and we have about two on December 17, are we going to be waiving that last hour for estimates? I do not know what the intention is.

Mr. Chairman: That can be done.

Mr. Offer: Fine.

Mr. Chairman: In any set of estimates, you do not have to take up the full amount of time, and you will have some opportunity to question the auditor this morning, hopefully.

I have item 6, which is a motion.

Mr. Ballinger moved that a subcommittee on agenda and procedure be established, comprising the chairman and a member of each caucus; that the said subcommittee meet from time to time at the call of the chair to consider and report to the committee on the business of the committee; that the subcommittee's powers include the power to schedule business, to call witnesses and to review certain documents at the request of the chairman; that the subcommittee must present its reports to the full committee for adoption; that substitution be permitted on the subcommittee; and that the presence of all members of the subcommittee is necessary to constitute a meeting.

Anyone wish to speak on the motion?

Shall the motion carry?

Motion agreed to.

Mr. Chairman: We next move on to the motion of the committee budget. Would someone move item B so that we might deal with it?

Mr. Offer moves that the 1987-88 budget of the committee, in the amount of \$67,363, be accepted and that the chairman present the budget to the Board of Internal Economy for its approval.

Mr. Chairman: Unless members have a great number of questions on it, I would just point out a few of the items, and if you have any further questions or comments, of course we can always amend the budget.

This is a relatively conservative budget. It takes us up to March 31, 1987, which of course is the end of the fiscal year. After that we will have to produce a new budget.

The first item on the budget is the meeting per diems. The second item you may have some questions on. Some of us will be attending the Canadian Comprehensive Auditing Foundation conference in Ottawa while the House is in session. The Legislative Assembly Act provides for a per diem and does not give an exemption when the House is sitting, so theoretically, even though you are being paid for being here and even though you are instead in Ottawa, you could, if you wish to, collect an honorarium for that period of time.

My personal feeling is that that might be imprudent, and nothing requires you to necessarily put in an expense account for that particular item, but we have to have it in the budget whether you collect it or not. I leave it up to those who are going to decide.

Mr. Smith: In the past the practice was taken or made that if you were sitting here you were not paid but if you moved out of town you were paid. Has that not been the practice in the past?

Mr. Chairman: I believe, and the clerk may wish to comment, many members did not feel that when the House was sitting they would turn in an expense account because they happened to be somewhere else. But for budgetary purposes I have to put it into the budget because of the Legislative Assembly

Act. Whether you collect it or not is up to you.

The committee could move a motion that that particular item be struck from the budget if it so wishes, and that the members not collect the amount. Or we can simply leave it informal and leave it in the budget. If no members put in, then--remember that by the time I go to the Board of Internal Economy the trip will have been taken, so we will know whether anyone put in or not. If they ask any questions, I can simply say that no members put in.

If we go down the travel per diem, what we are anticipating and what we have budgeted for in this in meal allowances is for four weeks of sitting, at four days, during the Christmas break. It also allows for the travel time. If the members so wish, in terms of the Canadian Comprehensive Auditing Foundation, since most members have to travel on the Sunday, we could change the two travel days to one travel day and the member might wish to collect for that one day, because it is a day on which the House is not sitting. Is that the wish of the committee, to change the budget accordingly?

1040

Mr. Smith: I do not know whether I am in order, but I would move that this schedule as presented be left in place because some may not be aware of all that has happened, the new members especially, and then they can decide through time. I would move that these items be left in there and dealt with, if they see fit, at a future date.

Mr. Chairman: Doug Arnott and I can meet with individual members if you wish to discuss that particular item. Is that the wish of the committee, Mr. Smith's suggestion? I do not think he had it in the form of a motion. Will we leave it as is?

Mr. Carrothers: This budget is based on last year or something like this, is it?

Mr. Chairman: Actually this is lower than last year's. I believe we had a budget for six weeks last year for about \$92,000, so it is actually lower.

If you wish to address yourself to some of the scheduling: what we are proposing in terms of travel, in addition to the Canadian Comprehensive Auditing Foundation conference on Monday and Tuesday, which will be attended by three members, plus the chairman, one researcher and the clerk, we have a meeting with the House of Commons public accounts committee and with the Auditor General of Canada and the Comptroller General of Canada, for two days in Ottawa. This would be scheduled whenever the House of Commons was sitting, but while we are recessed.

We are also proposing that we travel to Washington to meet with the staff of the General Accounting Office. The GAO is the American equivalent of the Provincial Auditor. They are doing some things which our Provincial Auditor is not doing, but it will give you an interesting contrast. In some ways, and I do not want to get into a long debate on this, we have moved gradually in some of the directions the GAO has. You may find that interesting. What we are proposing, again, is two days in Washington with the GAO and two days in Ottawa with the public accounts committee there, the Auditor General and the Comptroller General.

Any other questions on the budget?

Mr. Offer moves that the 1987-88 budget of the committee in the amount of \$67,363.70 is acceptable to the committee.

Does the motion carry?

Motion agreed to.

Mr. Chairman: We now have a motion D.

Miss Martel moves that a subcommittee, consisting of a chairman and one member of each party on the standing committee on public accounts, as well as the committee clerk and research officer, be authorized to attend the 8th annual conference of the Canadian Comprehensive Auditing Foundation in Ottawa, that the chairman, committee clerk and research officer be authorized to attend the meeting of the Canadian Council of Public Accounts Committees subcommittee in Ottawa; and that the chairman and committee clerk be directed to make travel arrangements."

Mr. Chairman: Are there any comments or questions on the motion?

Motion agreed to.

Mr. Offer: Mr. Chairman, this is a housekeeping matter. Is it understood that this is going to be a no-smoking committee?

Mr. Chairman: Procedural motions are appropriate at any time, Mr. Offer. Do I take it that you are moving the motion?

Mr. Offer: Yes.

Mr. Chairman: Mr. Offer moves that this committee be designated a no-smoking committee.

Are there any questions or comments on Mr. Offer's motion?

Mr. Ballinger: All this time I was worried about a motion coming from the opposition that I might not agree with, and we get it from our own party. In the interest of harmony, I would be pleased to support that motion.

Motion agreed to.

Mr. Chairman: A similar motion was carried in the New Democratic Party caucus the other day.

Mr. Ballinger: I hope neither of the two Tories who are absent smokes or else it might be a subject of debate next week.

Mr. Chairman: We need unanimous consent to reopen the motion. I doubt if that is going to happen.

Mr. Archer, we are in your hands.

PROVINCIAL AUDITOR

Mr. Archer: Thank you, Mr. Chairman. The first meeting of this committee has coincided with the tabling of the Provincial Auditor's annual report. That is the one time of the year when the Office of the Provincial Auditor receives some kind of prominence.

For the balance of the year, if you are not aware already you will, in due time, realize that we are not very visible. We are sort of out of sight but, I hope, not out of mind. I hope we continue to do the job that is expected of us.

We are the external auditors for the government of Ontario. What that means is that just as a company in the private sector, for example Imperial Oil, will have an external auditor, probably one of the major public accounting firms, who audits that operation on a yearly basis and reports annually to the shareholders of the company, similarly, we are doing the same thing.

We are working for the Legislature. In fact, we are servants of the Legislature who are representing the shareholders or taxpayers of the province. We are auditing, on their behalf, the administration of the government of Ontario, and we report once a year to the shareholders, the Legislature, on the findings, our observations and conclusions, based on our past year's audit activity.

We identify very closely with the standing committee on public accounts. Being servants of the Legislature, we try to respond to a group of 130 members, but that is a little impractical. Really, our dealings are primarily with the public accounts committee, which I think could be termed the audit committee of the Legislature.

It says in our act that, at the request of the committee, we attend all meetings. But the practice has been that there is a standing request that we attend all meetings of the public accounts committee so that myself or somebody representing me and other members of our staff, depending upon the issues that are being discussed that day, will always be present and sitting up at this table. You will be sick at looking at us after a while but you will get to know some of the other members of our staff as well.

1050

Rather than go on and talk for 10 or 15 minutes about some of the features of the office, I thought it might be easier on you if we showed you a video that we developed recently which we use extensively for our recruitment, particularly on campus. We hire graduates from the universities. I guess at any given time we would have 30 to 40 people on staff who are in the course of pursuing an accounting designation, whether it is a chartered accountant, certified general accountant or a certified management accountant.

To keep that flow up, we are on campus every year for over a period of several months every year. We find video is a very neat and easy way of getting across some general understanding, some general ideas of what the Office of the Provincial Auditor is all about.

Some of you may have already seen this video if you were at the orientation session that was held for the new members towards the end of September, but if you did, you will enjoy it much more the second time.

Mr. Ballinger: Confident, are you not?

Mr. Archer: What I would like to do is show that video and I hope that will generate some questions. We will certainly be very pleased to try to answer any questions that you do have. Should the guests be invited up here?

Mr. Chairman: I think we can be fairly informal on this briefing session. Why do you not join the members of the committee and you will be able to see it.

The committee viewed an audio-visual presentation at 10:53 a.m.

11:04 a.m.

Mr. Chairman: Are there any comments or questions of Mr. Archer as a result of the film?

Mr. Ballinger: I just have a question; I do not want it to seem facetious. In your particular case, obviously the funds are provided by the Legislature.

Mr. Archer: Yes.

Mr. Ballinger: Who would oversee your department?

Mr. Archer: Who approves our budget?

Mr. Ballinger: Your budget and also your operation.

I found it very unique the other day, as a rookie MPP here, to sort of review your report and sit in a room with the other rookie MPPs and really not know what was happening when, all of a sudden, this text comes out that says what is wrong with the government, by an obviously independent body. If we are providing the funds, who really oversees your department?

Mr. Archer: As all the other legislative bodies, the Ombudsman, for example, we go before the Board of Internal Economy--are you familiar with that operation?--which is an all-party committee of the Legislature. It approves our budget annually when we go before it. Once it has approved it and passed it on, then it comes before this committee--which is what the chairman was talking about for the December 10 session--for this committee to review, then pass it on and recommend that it be approved.

Mr. Ballinger: That covers the financial end of it; what about the actual day-to-day operation? Let us suppose, as an example, your operation has got a 15-year-old computer; it is outdated and inundated with outdated files or information as it relates to the Legislature. I guess what I am saying is, who audits you?

Mr. Archer: We do have an auditor. His audited statement is in our annual report, but it is a traditional type of audit. If you have a business in the private sector, you would be familiar with that. The auditor's objective really is to express an opinion on the financial statement of the particular operation. That is, in effect, what he does with our particular operation. That is termed a financial audit, I guess.

We, as provincial auditors, go beyond that and try to get into the value-for-money issues and determine whether, for a given operation, the management is doing its job well and whether it is administering it properly, that sort of thing.

Nobody is as yet auditing our office from that standpoint. The economy and efficiency of how well we operate is really not being audited. I think the effectiveness of the office is being audited, probably unknowingly and

inadvertently, via this committee, for example. Are you satisfied with the type of work we do for you? Are you satisfied with the type of information that is coming forth in the annual report?

Mr. Ballinger: We will know better in six or seven months, I am sure.

Mr. Archer: I think the effectiveness, which is the key component of the three Es, is probably on the line all the time. I think we are visible. We have done a lot of work over the past few years, at any rate. We have done a lot of special assignments for the committee itself, so that is a firsthand opportunity for the committee members to see whether the auditor is producing and being effective in his role.

I must admit that the economy and efficiency aspect of our operation is not being looked at by a third party. The Board of Internal Economy, which appoints the auditor, incidentally, may well decide to ask that auditor to extend his type of audit and look at the economy or efficiency of our operation.

Mr. Ballinger: It just seems you are in a very envious position, that is all.

Mr. Archer: I will trade you.

Mr. Carrothers: I just have a question on procedure. In listening to the tape, it sounded as if once you have done an audit of a particular ministry, your preliminary report goes to the deputy for discussion with him. Is that what happens?

Mr. Archer: Yes, we send a draft report. Of course, throughout the audit we are talking with people. It is not as though they do not know what we are going to be reporting. They pretty well know what types of things we are going to come up with. But we put it all together in a draft report and send it over, not to the deputy but maybe to the assistant deputy or whoever is the head of the particular function we are looking at. They take as long as they want to review it, and then we have what we call an exit meeting, where all the representatives from the ministry who want to be there, including the deputy if he wants--although normally he does not and we would prefer that he not be there--get together with the members of our staff who are involved with the audit and thrash it out, if you like.

There are some points they will agree with and some they will not. On some, they will not persuade us they should be taken out and they will be left in, in any event. On some they will convince us that maybe it was not a valid point in the first place.

We thrash that out and come up with a final document, which we then retype and reproduce. We send that to the deputy and also a copy to the minister. That is what we call a report on the audit. That particular document is not a public document at that point, unless the ministry chooses to make it public. In the video, we cited one instance where the minister decided to make it public and he tabled it in the Legislature. It is completely at the option of the ministry.

Under freedom of information, maybe they all will become public. We do not know. That remains to be seen, I guess.

What we do then is, from all these reports we issue throughout the year,

maybe 20, 50 or 70 depending upon the type of things we are looking at in a given year, we will extract anything we think should be brought to the attention of the Legislature and put it in the annual report, which is the document you have all received in the last week.

Mr. Carrothers: I have experienced the negotiations that go on in a financial audit of a public sector company, to and fro. Presumably, the ministry defends itself if it does not agree with what you have.

Mr. Archer: They send a formal response to our final report. If we have received that by the time we go to press with our annual report, in those cases where we have extracted for the annual report, then we will also incorporate the ministry's reply in our annual report. Sometimes it will violently disagree with us, and we just agree to disagree, that is all.

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Mr. Carrothers: Does your report perhaps change after the discussions, or does that never happen?

Mr. Archer: Oh, yes. Quite often. It is a process I guess we would not go through with if we were not prepared to make some changes. Quite often new evidence comes to light that we were not aware of or that was not made available to us at the time we were doing the audit, in which case we would say, "You're right, it's not a valid point," and we would adjust the report accordingly.

Mr. Carrothers: One final question. The staff of people who go out into the field are obviously the new employees of the department, I guess. Is there a rapid change in those people going out to look at the operations, say every audit? This is what I have noticed in the private sector. Usually you find the audit staff coming into the company is different every year and you are constantly re-explaining. I wonder if that happens here as well.

Mr. Archer: Much more so than we would like. We try to get some stability from year to year by having at least one member of the audit team the same as it was the last time. But there will always be new members, because we have quite a large turnover. It is not because of the government or anything, it is just the nature of the business.

I think any public accounting firm experiences the same thing, the difficulty being that when the economy is good and you have people who are university graduates, many of them with MBAs, and they then get an accounting designation such as a chartered accountant, they are very marketable and they could go out and earn a lot more in industry particularly than they can working for the Office of the Provincial Auditor or working for Clarkson Gordon, for that matter. That causes quite a turnover, and that is the reason you are seeing new faces all the time. In the private sector and in many of our ministries and agencies that we audit, they have the same complaint.

Mr. Offer: From the discussion so far, it is clear that the Provincial Auditor in general investigates the financial aspect and the value-for-money aspect.

Mr. Archer: Yes.

Mr. Offer: I think it is a fair comment that any of the comments we hear with respect to particular government spending is properly categorized under the value-for-money category.

The question that I have for you is, from your experience, how do you view the role of the Provincial Auditor in the future? Is there another type of investigation you see evolving that might be beneficial to the Provincial Auditor, apart from financial or value-for-money, some evolution of investigation?

Mr. Archer: Here we differ considerably with your chairman. Your chairman, I think, would much prefer that the provincial audit office progress one more step and operate more along the lines of the General Accounting Office in the United States, which I think is much more than an audit operation, it is a consulting operation as well. They are very heavily into the recommendations and suggestions of how to change things.

We do not go quite that far. We believe in constructive auditing. We do not believe it is enough to just go in and find that there is a problem and report that problem. We think we should offer some possible solution to the situation, and we feel we are qualified to do that, based on our training and the fact that we do an awful lot of research in every audit. We have a fair understanding of the type of operation the ministry is handling. We are not operating in the dark and we are not completely green, so we think our suggestions do have some merit.

On the other hand, we recognize that we are not experts in that area and that the ministry may well come back and say, "That recommendation isn't practical for this reason," and that happens on occasion. But in a good percentage of the cases, they agree with our recommendation and proceed to try to implement it.

Mr. Offer: What I glean from your comments is that, as far as you are concerned at this particular point in time, the structure of the provincial audit department and your role as the Provincial Auditor are things that clearly meet the task at hand, basically, with respect to the financial and the value-for-money investigations.

Mr. Archer: I do not think we need any broader mandate as far as the type of audit we do. We, as an office, want to get much better at the value-for-money. We have had a mandate since 1978. It seems like a long time, but we are still learning and we are getting better. Ministries and probably members will admit that the material being reported each year in our annual report shows a little more in-depth and better understanding of a lot of things than in the past.

If our Audit Act were to be revised, we would like to see an extension of the scope. For example, in our inspection audits, we have an inspection audit clause which allows us to go out to any recipient of a transfer payment and conduct an audit. But that audit is defined almost--they use the term "an examination of accounting records," which is really a financial audit. We feel that our hands are tied to some extent when we go out.

For example, undoubtedly you have read that we were out trying to audit a university, which is brand new ground for us and certainly was not too well received. But we are very restricted as to what we can look at. The universities have even had legal opinions to define what, in their opinion, are accounting records. So we would like to have the value-for-money mandate on any audit, whether it is an inspection audit or an audit of a ministry or an audit of an agency. It is merely the scope of what we can look at, rather than an extension of the types of audits, that we should get into.

Mrs. Fawcett: Could an example be given of how much further the United States would go?

Mr. Archer: They get very prescriptive. If they went in, for example, to the Ministry of the Environment and discovered some of the things we reported on, they would probably hire a bunch of experts in environmental matters to come in and analyse and come up with almost a package arrangement by which this ministry or whatever could correct the situation that was identified as being in error.

We do not do that. As I say, we give them the benefit of our on-site advice, but it is admittedly not a prescriptive answer to the problem.

Mrs. Fawcett: You expect the ministry, then, to do that.

Mr. Archer: Yes. We point out the problem. We suggest some possible areas to think about for solutions, but we do not feel it is our job to go out and develop a package for them to implement.

Mr. Chairman: I wonder if it would be helpful, and there is a difference of opinion between the auditor and myself on this--

Mr. Ballinger: Excuse me for interrupting. Is that why you snuck that Washington trip on there?

Mr. Chairman: Over the years, the office of the auditor and the standing committee on public accounts in this province have moved closer to the American model than other provinces. That is why I think it is useful to see where we are at this time.

One of the differences might be that the General Accounting Office would go in--when we were down there one time, we examined an example where they went through a whole process. An objective had been set by Congress and went down the line, eventually, to an admiral who had to implement those objectives in terms of defence but used the wrong instruments to implement those defence objectives. He happened to have a great personal like for aircraft carriers and went out and spent billions of dollars on aircraft carriers, when a lot--and I am not an expert on navigation--smaller ships would have met those objectives.

The distinction that the public accounts committee, the auditor and I certainly hold is that the role of public accounts and the role of the Provincial Auditor is not to deal in policy. From time to time, you may find I will call you out of order if you start asking what I would call estimates questions, which are policy questions: "Why did the government not give X dollars to such-and-such a group?"

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Where the distinction comes is whether or not the Provincial Auditor and the standing committee on public accounts should be asking, whether we agree or disagree with the government's objective on this matter, why did it take this route to meet that objective when it would have been less expensive to take that route? When you get into that, you do need extra consultants. The General Accounting Office would call in consultants on defence, it would call in consultants on health and every other area.

Perhaps we can get into that in some detail during the estimates. Is that a fair description of the differences?

Mr. Archer: Yes, that is a fair comment.

I might also mention one other difference that is germane; that is, the GAO, the General Accounting Office in Washington, will respond to a request from an individual member of Congress to look into something. In Ontario and, I think, in all the Canadian jurisdictions, a provincial auditor will not respond to an individual member's request but only to a resolution of a committee, and usually it would be a public accounts committee. There is quite a difference there. The workload of the GAO is horrendous in that it will respond to individual members.

Mr. Chairman: There is a hierarchy though.

Mr. Archer: Yes.

Mr. Chairman: There is a hierarchy and they have it spelled out as to what the priorities are. There are a lot of safeguards. For example, they will not respond if a congressman asks for an inquiry into something that will affect a potential competitor six months before an election, and their obligation to respond to a committee takes precedence over their obligation to respond to an individual congressman or senator.

Mr. Smith: You made some outlandish findings in this auditor's report. What is the reaction from the ministry staff that you have to deal with? For instance, you mentioned that in the Ministry of Health there are something like 24 million or 25 million names on the computer or that 70 per cent of the students are underestimating the value of assets. What is the reaction of people when you confront them with that? Are they astounded? Do they have a pretty good idea that things like this are going on, or are they just totally wiped out from what you find out?

Mr. Archer: In the two examples you gave, there was not any great surprise. With regard to the Ontario health insurance plan system, they admit that is a sad situation, but they blame it all on the computer system they adopted back in 1972.

When they brought the medical insurance and the hospital insurance sides together back in 1972, the medical insurance side had a preregistration system, whereby in order to get insured under the Ontario medical services insurance plan or the Ontario health services insurance plan in those days, you had to preregister all your children, your wife and so on. Then any claims that would come in would have to match up with somebody who had been preregistered on the file.

The hospital insurance system, which started before the medical one, did not have preregistration. All it had a record of was the person who paid the premium on the policy.

When they brought the two together, they had to make a decision, "Are we now going to require everybody to preregister?" The hospital system had everybody in the province on it; the medical system had only those who had bought through the government, because all the private insurance companies were in the game at that point. They ruled the insurance companies out and brought the two plans together. They had to make a decision whether to preregister everybody in the province or to go with the old Ontario Health Insurance Commission system, and they opted to go with the hospital system.

They always go back to that and say, "We admit it is a problem, but with the system we have, we cannot do anything else." I guess I have to agree.

The ministry keeps going to Management Board trying to get money to revise the system. I think they still believe the way to go, if we are going to stick with the plan the way it now runs, is to have a preregistration system so that you have to register people at birth or at the time they move into the province. Then claims would come in and they would be matched against those preregistered people.

On the other one, I think there was a little more surprise with regard to the students misrepresenting some of their assets; at least surprise to the extent to which they did it. In some cases, they did not even try to cover it up really. When they start putting a figure like \$6,000 on a viable house in Metro Toronto, it is a little bit obvious.

Mr. Ballinger: That is the outhouse you were talking about.

Mr. Chairman: I hope none of them apply for positions as accountants in your office afterwards.

Mr. Archer: We did not do a check to see how many of our students still had outstanding student loans. Maybe we should.

Again, it is a case of how far do you go. We certainly agree you cannot check everything. They have taken the position that since you cannot check everything, why check anything, and we think that is the wrong attitude. I think you have to have a presence out there. There has to be the possibility that maybe you will get caught if you do not put down the right information. I believe that the ministry is coming around to that point of view and that it will start checking, on a test basis, the accuracy of some of the information that is being submitted.

Mr. Chairman: There being no further questions, this committee stands adjourned until 10 o'clock, December 10.

The committee adjourned at 11:26 a.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMMITTEE BRIEFING
ORGANIZATION

THURSDAY, DECEMBER 10, 1987



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitution:

McClelland, Carman (Brampton North L) for Mr. Carrothers

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service
Bedford, David, Research Officer, Legislative Research Service

Witnesses:

From the Ontario Mining Association:

Reid, T. Patrick, President; Former Chairman, Standing Committee on Public
Accounts

Gardiner, Elizabeth J., Manager of Research; Former Research Officer,
Legislative Research Service

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, December 10, 1987

The committee met at 10:07 a.m. in room 151.

COMMITTEE BRIEFING

Mr. Chairman: I recognize a quorum. Carman McClelland is substituting for Doug Carrothers on the committee this morning.

It is a pleasure to welcome back to the standing committee on public accounts the former chairman of this committee for a great number of years, in which there were a number of changes that took place, a former member of provincial parliament and a member of the Liberal-Labour Party, Patrick Reid, and with him, a researcher who worked with the committee, Elizabeth Gardiner, who is now manager of research for the Ontario Mining Association.

The reason we invited Patrick and Elizabeth here was that we thought it would be particularly useful for a number of people who have not served on the committee for very long to get their perspective on some of the dramatic changes that did take place in public accounts, particularly in the operation of the standing committee on public accounts in Ontario, where I think we are the leading provincial public accounts committee, and indeed, in some of the changes in the role of the Provincial Auditor, both here and in Ottawa and in some of the other jurisdictions, during the years in which Patrick acted as the chairman.

We welcome you, Patrick. I know that you have a few opening remarks and then no doubt the members will ask a number of questions. If you cannot answer them, I am sure Elizabeth will.

Mr. Reid: Good morning, Mr. Chairman, and committee members. I see some things never change, like being able to start on time. I am glad some things are consistent. I feel somewhat strange being at this end of the table after my almost 10 years as chairman of public accounts, sitting where Mr. Philip is, sort of staring steely eyed down at the witnesses who sometimes quaked and sometimes did not.

Mr. Pope: It is Mr. Justice Philip now. Things have changed.

Mr. Reid: Things have changed. Let me just go back and give you a probably no so brief historical perspective of the Ontario standing committee on public accounts and how we have arrived at where we are today. It was only in 1966 that an opposition member became chairman of the public accounts committee, and I am now speaking of Mr. Justice James Trotter. Parenthetically, the government chairman before that was Darcy McKeough, who has played a very significant role in the operations of this committee, but we will get to that.

I became chairman after Jim Breithaupt, now the chairman of the Ontario Law Reform Commission, in 1974. At that time the auditor's report was rather simple, I think we could say. The auditor was basically taking cheques that had already been cashed by all and sundry out in the work force and matching them up with invoices, so that there was an invoice for every cheque issued.

This was called the pre-audit function and did not really give anybody a particularly good idea of whether the money had been well spent or what the authorization was, and so on.

In those days we did not have, if I may say, the luxury of the education you people are able to get. We sort of got dumped into these roles, as some of you are, and I became chairman, not having sat on the committee. The committee to some extent functioned by taking the auditor's report and starting at page 1. So in today's meeting we would do page 1 and next week we would do page 2, or however we got there. Because you will find that there is not a great deal of literature and background on the operations of the public accounts committees, we sort of had to go our own way. I think things started with the Audit Act of 1977 in which the powers of the auditor were expanded greatly and the role of the public accounts committee enhanced.

In 1978 I invited myself to the meeting of the legislative auditors in Edmonton to find out what the legislative auditors did and what their conference was about. I was quite impressed at that time with their dedication and with what the auditors had actually done. For some reason, nobody had ever bothered to explain to the committee, probably because the auditor had never been asked exactly what a Provincial Auditor does. As a result of the legislative auditors' meeting in Edmonton in 1978 I convened, without any authority that I can recall, a meeting of all the public accounts committee chairmen from across Canada to meet at the same time as the legislative auditors at their annual meeting in St. John's, Newfoundland. I have to admit that probably the location had a great deal to do with the fact that almost every public accounts chairman showed up in Newfoundland.

We decided that there was a good and sufficient reason to continue to meet, particularly at the same time as the legislative auditors, so that we could form a better partnership.

At the same time, and previous to this, the Canadian Comprehensive Auditing Foundation had begun in Ottawa and its first research activity was on the relationship between legislative auditors and their public accounts committees. I am sure you have either seen that or it certainly would be available to you. It explains the role of both.

Now all these things are fluid and they do change, but I think for the first time it was put down in black and white and as a guide to what the relationship would be if it operated correctly.

At about the same time, 1979, I approached the legislative administrator and the chief librarian, Brian Land, and said that the committee needed research capability, that the members did not have the time, or sometimes the inclination either, to really research what was behind the numbers or the auditor's comments and to do the necessary background information. It was very superficial, and as a result it often wound up in "a screaming match"--that is not quite the way to describe it--a very partisan wrangle over some fairly insignificant matters.

In 1979, I believe, we had seconded from the legislative library a researcher who was able to do most of the background work and put the material before us so that we had a fuller picture of what was going on and also to liaise with the auditor and provide some of the questions or answer some of the questions for the committee before the actual committee public hearings took place. In my mind, that was a very significant event. It probably sounds like, "Why was this not done a lot earlier?" but this Legislature has evolved very quickly in the last 10 or 15 years in many ways.

At the same time, as I mentioned before, the auditor was expanding his scope in terms of the kind of audits he and his staff were doing, and we were also having a great problem of wrestling with questions such as "What is accountability all about and who is responsible to whom and for what?" In my view, this has never really been very well defined, even to date.

However, having said that, I refer you to the sixth annual meeting of the Canadian Council of Public Accounts Committees in Charlottetown in 1984, at which a paper was given by myself on this topic which I think will give you a fairly good overview of the subject.

As I recall, or as Elizabeth was reminding me, at the end of this paper, the legislative chairmen all rose and clapped and cheered and there was a standing ovation and I had to admit, reluctantly, that it was Elizabeth Gardiner who was the one who had done the work and deserved the standing ovation. I think I admitted that only after everybody had left--privately, yes.

I think that is an important function of this committee.

We also started to do some travelling to Washington to see their overview system, which I would recommend to you, and also to Ottawa, and I think we became probably the best public accounts committee in the country, Ottawa included. Part of the reason for that was that we improved on our understanding of the role of the auditor on our own and we were able to work extremely closely with the auditor, and also that we were able most times--not always but most times--to keep the partisan wrangling to a minimum.

If you are just going to be a committee that is going to be at each other's throats all the time and stick with the party line, frankly, you are not going to be very effective, because of what your role is--and you have a very important role. Before I suggest what that role is, I have to say in the accountability cycle, in which you start with the budget statement and then the estimates and then the estimates hearings and the actual spending, obviously, the auditor does his work and then the auditor's report comes before this committee, the committee holds its hearings and makes its recommendations and the government responds. Generally, that is referred to as the accountability cycle.

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There are very many weaknesses in that cycle and that circle and I think the biggest one, which the auditor has brought to your attention and the Legislature's attention is in the estimates procedures. You have former cabinet ministers here, who, I am sure, would agree that the estimates break down into "Mrs. Smith got 10 cents knocked off her welfare cheque and what are you going to do about it?" or "Mr. Jones has a gas station in Cochrane and he wants to be able to sell fishing licences and your ministry has said no. What the hell are you going to do about it?"

That is the kind of thing that, unfortunately, generally goes on in estimates. There is not the scrutiny of spending that there should be. Part of that is, in my mind and in the minds of others, that there is not sufficient information given in the estimates to do a good job.

As a result of this, it seems to me, the only real public accountability that surfaces is with the auditor's report and the operation of this committee. I may say that, because, of course, I was the chairman and felt that we always feel that maybe we are a little more important, but if you look

at the accountability cycle, there is a very strict onus on this committee to ensure that the taxpayers' money is well spent. You cannot do that if you are constantly wrangling with one another over partisan stuff.

The other thing I would like to mention is, who is responsible for what. I believe the committee that I chaired had come to an agreement that what we were here to do was to not attack ministers and/or government policies. Those were set. The debates on those should have been, or are, in the Legislature. What you were here to do was to look at government spending and the responsibilities and accountability of, in essence, the public servants, the civil servants who have been given responsibility for the day-to-day operations of the government; the control--not the control so much, but the responsibility for the human resources, financial resources and other resources that are provided by the Legislature and by what we used to refer to as the "grateful taxpayers." You will have a continuing battle over what is policy and what is administration. Our view is that you held the civil servants, particularly the deputies, responsible for the administration of their various ministries.

The deputy ministers agreed to that and said in statements that they were prepared to accept the day-to-day responsibility and accountability for the resources given to them to do their job. It was very seldom, if ever, that we had a cabinet minister here before us and it was only on one occasion that I can remember when it was necessary to bring in the minister to clarify something. Unfortunately, he did not do that, but that is another story.

The other thing that I must emphasize is that you must learn and appreciate the work of the auditor, which is not to say that you accept holus-bolus everything the auditor says, because the question that often arises in public accounts is, "Who audits the auditor?" Basically, there is only one answer when you come down to it. This committee is the watchdog, if you like, not only over public spending but to some extent it has to be the watchdog over the auditor. The auditor, of course, has to have his estimates approved, but on a day-to-day basis, it is up to you people to keep the auditor honest as well.

Working closely together, I think you can give the people of Ontario the firm belief and the credibility that their funds are being well spent generally. If they are not, the auditor and yourselves will be able to show that they are not and where reform or improvement can be had.

A lot of people who have served on this committee and a lot of onlookers have often said, "You people have a lot of meetings, but what have you ever accomplished?" The political realities are generally that no minister of the crown of any party is going to jump up and embrace holus-bolus the report of any committee that might be critical or slightly critical or suggest reforms.

I think the reality is, and I certainly found this over time, that the recommendations of this committee were very seriously taken, both by the deputy ministers--none of whom want to appear before this committee; this is not looked upon as the highlight of either their day or their career--and by their ministers, who come in for either direct or indirect criticism if there is a screwup in the ministry. Reforms and changes are made, albeit very quietly, generally, because the political system does not allow for the admitting of mistakes, but there have been some major changes wrought as a result of the work of the auditor and this committee.

I think you have a good sound foundation to continue that, but to a

large extent you have to chart your own direction. You have the ability, for instance, to ask for special studies, which I think you have to bear a large responsibility for, in the sense that the auditor's staff has its usual work to do and if you go off chasing on a witchhunt or whatever, you are wasting a lot of resources and time. That is not to say that there are not areas that should be looked at.

I make one last plea, Mr. Chairman, if I may, that you look at the accountability cycle and what many of us had recommended at one point. Because the government is so large now--its budget is over \$30 billion--it is impossible, by the way, for the auditor and his staff to completely or even comprehensively in some way audit every transaction of the government. A lot of people think the auditor is looking at every individual transaction and knows exactly what is going on. That is obviously not possible. You have to be aware of that.

I suggest you look at the accountability cycle, working with the auditor and your House leaders. Generally, the auditor does four or five large, medium and small ministries per year in his audit. I know it varies; Mr. Archer can give you better detail than I on that. It seems to me that if the Legislature, in doing the estimates, would look at those four or five and go through those estimates quite thoroughly, then when the auditor comes next year and does his comprehensive audit or his audit on those areas, you can see the relationship between what has gone on in the estimates committee, presumably that it has been good work, and what the auditor finds a year later. You have some kind of yardstick to measure whether the money has been spent on the programs the minister and deputy said it was going to be spent on and all of that. I think that would give a lot of strength and credibility and keep everybody on his toes, so to speak, if you did that.

If I may say, I think you are fortunate to have a chairman who has long experience on this committee and a former minister who knows the other side of the whole budget-making decision and the administration of various ministries. I think that talent should be used. I know both of them will conduct themselves in their usual nonpartisan, unbiased fashion.

On that cheerful note, I would be glad to answer any questions there might be.

1030

Mr. Chairman: Thank you. Elizabeth, do you have any comments to add to what Patrick has said?

Ms. Gardiner: I do not think so. Not now.

Mr. Chairman: For the interest of the committee, on the comprehensive auditing convention that some members of this committee and myself, as well as our clerk and researcher attended, we will have notes, particularly on the whole comprehensive auditing cycle. There were some interesting sessions dealing with that and accountability. That is already in draft form, so you will soon be receiving that. You will also be receiving notes on the meeting with the other public accounts chairmen and how we are progressing on a paper outlining the roles of public accounts committees.

Any questions of Patrick Reid?

Mr. Pope: I guess both to Patrick and to the Provincial Auditor, how

would an auditor audit performance of specialized government ministries by professionals?

Mr. Reid: I am sorry, I do not quite understand.

Mr. Pope: Maybe I will put it in the context of the auditor's last report, which I think was a further development from the auditor's report that was first started in 1985, when there was an audit done of the performance of the Ministry of Natural Resources vis-à-vis reforestation. This year there were comments made in the auditor's report with respect to the failure of the Ministry of the Environment to act on certain environmental matters.

My question is, first of all, on the methodology of such an audit, should that methodology not be clearly laid out? and, second, on the expertise of the auditor's department to really audit professional or program compliance on a nonfinancial basis. In your own mind or in Patrick's mind, what are the limits of that? I am not saying it is wrong. I am asking what are the limits of it and what resources would you have or would you need at your disposal to do a nonfinancial audit of programs?

Mr. Chairman: I will ask Doug to lead off on that question.

Mr. Archer: This is the old question of how much expertise you need to go beyond a financial audit. We find we do not need a lot of additional expertise in the conduct of the audit itself, but we need to do an awful lot of research and get background information. Quite often, that will involve talking to people who either work in government or have worked in government in a similar capacity to try to get an understanding of what that particular ministry or branch of the ministry is doing, what the nature of its activities is and so on.

Much more time is spent now on our audits in what we call the planning phase before we even go out and start asking questions. Once we get a good grounding in the particular area we are looking at, we do not feel we need much more expertise. From that point on, it is our knowledge of government and our now very current knowledge of the particular area we are looking at, plus our professional training and common sense.

We feel basically the type of auditing we are doing is a commonsense approach. There is nothing very profound in the questions we are asking the ministries. In the Environment one, for example, it just seemed to us common sense that you did not blindly accept information from these four largest polluters, to take one of the examples, without periodically going out and either making tests of your own or asking them to prove to you or show you how they arrived at the readings they had submitted and, similarly, on some of the others.

They had 300 dischargers of pollution into the waterways. They only got information on 147 and nothing on the others. That is just common sense, that if you have 300, should you not have some information on the other ones as well? They were not doing anything in following up with the information that they did have on the 147. Again, that is common sense. You should follow up.

Mr. Pope: Just to pursue this, if I was sitting on the government side, on the Ministry of the Environment side of that argument, I would say, "Give us more dollars and we will do whatever you want."

Mr. Archer: That is true and I think maybe that is, in effect, what they are saying.

Mr. Pope: Is that not a budget issue as opposed to an audit issue?

Mr. Archer: Maybe it is, but what we are saying is that if you do not have the resources or cannot afford the resources to do the job right, do not take on the job. The government comes out and says, "We are going to do this," or, "We are going to do that." It is going to cost money to do it right; so if it is not prepared to spend the money, do not take on the responsibility in the first place.

Mr. Pope: When I was in a ministry, when we were in the budget program, the program co-ordinators or executive co-ordinators would come in with all these clippings about how there is political pressure on the ministry to do certain things. What I am saying is that if I were sitting in the Ministry of the Environment now, I would be using your comments to try to get additional money in the internal allocation process. I am not so sure how much the auditor's report should be doing that or should be monitoring actual expenditures; so I am going to go to the old issue.

Mr. Offer: Could I have a supplementary?

Mr. Chairman: If Mr. Pope agrees.

Mr. Offer: I think you have brought up, certainly from the question and answer, an interesting issue. If memory serves me correctly, two weeks ago, Mr. Archer, you indicated that you perceived your job as one of monitoring as opposed to dictating from outside what government policy ought to be. Rather, you monitor in two ways: first, in a financial way and, second, in a value-for-money way.

I take it from your response from Mr. Pope, you indicated that if you do not have X amount of dollars, do not start the particular policy. That is why I ask this supplementary. I seem to hear a difference of response with respect to your perception of the auditor's role. If, on one hand, you say that you do not get into policy, how, on the other, can you say, "Do not implement a policy without a proper allocation of dollars."

I am wondering what your feeling is to that dilemma where there is no question, directly or indirectly, that the Provincial Auditor is stepping over to the implementation of policy.

Mr. Archer: I do not quite see it that way. Any policy is going to require administration to implement it and we come along and we look to see how well that policy is being administered. In this particular instance, to take that as an example, we felt it was not being administered properly. Now they are saying, "Okay, in order to administer it properly, we are going to have to spend more money." As auditors, we say, "So be it." If that is the policy the government wants to follow, it has to require this type of administration. If you need money in order to implement that administration, then that is the fault of the policy. You cannot accuse the auditor of questioning the policy. We are accepting the policy, but once that policy is in place, you now have to do this to administer it and you are not doing it.

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Mr. Offer: I will give the floor back to Mr. Pope, but I do see some difference. I see a difference where the auditor says, "The administration of this policy is inadequate because there are insufficient dollars," as opposed to the Provincial Auditor saying, "This particular policy ought not to be

implemented because there are insufficient dollars." I see that as a very large difference in the Provincial Auditor taking a hand in an indirect fashion in the policy of the government. I will refer back to Mr. Pope because I am on a supplementary.

Mr. Chairman: I think Mr. Archer should comment on that because that is not my interpretation of what he was saying.

Mr. Archer: I do not feel that we are questioning policy in any way. I will stay with this one example, and it is a good one, because other people have claimed that we have gone into policy in comments with regard to the environment, and I cannot see this at all. With regard to the mental health one, maybe I will concede it, but not on the environment. Just to restate my position, we have accepted the government policy for whatever it is. Now we go in and see how that policy is being administered and, in our view, it was not being administered properly. Whether administering it properly is going to require more money or a reallocation of resources from some other area to the area that we feel they are not doing a good job on, we do not offer any advice in that regard. That, again, is a government decision.

Mr. Pope: I just want to pursue it in a little more detail.

Mr. Chairman: I do want to remind the members of the committee that Mr. Reid has some other engagements. We are going to have a lot of time to question the auditor next week in his estimates, so I hope we will redirect a few questions to Mr. Reid and Ms. Gardiner while they are here, because they have a wealth of information to share with us.

Mr. Pope: I will pass.

Mr. Chairman: Patrick, do you have a comment?

Mr. Reid: I would, but I just warn you, this is a classic case where you have the witness sitting here and the committee starts going either at each other or at the auditor or the chairman and the deputy smiles a little bit and keeps his mouth shut, as I recall.

This is a tough one, but I think this is a healthy kind of dialogue and debate and it should go on, as to what are the limits of the audit and what are the limits of this committee. The committee's function, among others, is to look at the auditor's report, and you are not always going to agree with the auditor. Hopefully, that will not happen very often, but I think the creative tension there is a necessary one. I think the auditor, as we have been through this many times, is generally scrupulous in keeping the administration apart from the policy because if he strays into that area and if this committee does, you are going to lose your credibility and the clout you might have in effecting change.

If I may, I was remiss in not mentioning two other matters that I think are important in setting the agenda for the committee. That was that we used to have a subcommittee of all three parties, along with the auditor, which would sit down and come up with an agenda for the committee, hopefully, for the year. That had never been done previously because the auditor and his staff have done the work. They know where the real problems are, as opposed to what I used to call the gold watch syndrome where somebody got a \$100 watch on retirement and the Manual of Administration says he should have only got \$50, so we spend three weeks on that when \$5 million or \$50 million is going out the door.

The other thing that was done by the then government of the day was the great support this committee got because we gained the credibility that we did from Management Board of Cabinet and they began to audit the committee. I believe Alan was here--

Mr. Pope: I am here.

Mr. Reid: Not Alan Pope, somebody from Management Board came to all the committees and took the deliberations of the committee very seriously and went back and reported to the minister of the day. Changes, where changes were necessary, were instituted.

Mr. Chairman: Have you anything to add?

Ms. Gardiner: I am just trying to remember what the man's name is.

Mr. Offer: You mentioned in your remarks that the accounting process starts with the budget, the estimates, the estimates review, the Provincial Auditor's report and this committee.

For instance, we will use this report. It speaks in particular, in some specificity, to a number of ministries. It identifies some problems with a number of ministries. Without getting into what the subject matter is with respect to the problems in the opinion of the auditor, do you think that the whole accountability process might be improved if this committee looked after the estimates of the ministries that were identified in the auditor's report?

Mr. Reid: I will just go back one step. The accountability cycle also is your report and, hopefully, a debate in the Legislature. I know you did not overlook that.

I think a better way of doing it would be to have your finance and economic affairs committee or some separate committee be responsible for the estimates. Hopefully, there would be some cross-fertilization on it. I am not sure it would be a healthy thing to have the same people do the estimates and then do the public accounts, because you are going to have a vested interest in what you say and in your pet topics and so on if you are all the same group.

Frankly, the other consideration is simply one of time. You will find that if you are going to do a good job on this committee, you are going to have to spend some time on it. I do not have to remind you of all the other duties and responsibilities you are trying to jam into a 14- or 15-hour day. It will just become physically impossible to do it.

Mr. Chairman: Mr. Reid, stemming from your last answer, no doubt you have read the auditor's recent report and will be dealing with his recommendation concerning the estimates committee. I think you were headed in that direction and I wonder if you want to address your comments to Mr. Offer by elaborating on the auditor's suggestion. Do you have any comments on that?

Mr. Reid: I would agree. I cannot remember the exact recommendation in that regard, but the auditor did mention better information, a particular estimates committee, and I do not think we are disagreeing in what I am saying, that if it is going to be done well, the estimates committee should be dealing with four or five or whatever audit and accountability cycle is set up. But I do not think you people can do both, nor do I think you should.

Miss Martel: I would like to ask Mr. Reid a question. In the time

you were here, you saw and were probably responsible for many of the changes in the committee. I am wondering what other ideas you might have for changes in this committee, either in our mandate or in some of the ways we are operating, which might make us more effective as a group.

Mr. Reid: Let me make a quantum jump, because I saw Lorrie Goldstein of the Toronto Sun here. This committee is still probably the most arcane and misunderstood committee in terms of its operations, its functions and what it really does. One of the things I would suggest--and we tried it on occasion, but it was not overwhelmingly successful--is asking the press gallery to come.

We would have had the chairman, the auditor and the chairman or the secretary of Management Board of Cabinet put on an hour or two seminar in which the budget process was talked about, how you get the estimates in front of you, what Management Board's function was, what the auditor's function was, so that the press would understand and, hopefully, take a better view than the horses on the payroll thing. The bigger issues could not only be dealt with but also be understood. As I say, that was not particularly successful. The irony of it was that we had a roomful of civil servants who were interested in finding out what was going on, but not the press.

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The easy answer to everything these days is education, to try to get yourselves to understand what is going on, first of all. It is complicated. It is not easy to grapple with what this committee does and should do and to somehow communicate that both to the press, which obviously reports it, and the public at large. You have to spend some time learning the ropes on this thing and you have to see that cycle of accountability. You have to see where you fit into the process.

I can only say to you that if you want to know how to improve it, you have to collectively spend a lot of time doing your homework, because you are calling deputy ministers in here who are running billion-dollar departments. We used to have a question from one member all the time: "What do you make? What is your salary?" which often broke the tension but was not particularly helpful. So you have to be well prepared. You have good research, a chairman, a good clerk, all the tools, but you are going to have to spend a lot of time thinking about this thing and going through it.

We used to have a briefing of the members of the committee. We used to try to set things up so that Miss Martel would ask the first question, which would be this, and Mr. Pope would ask the next. That always worked except there were always one or two mavericks who came in and said: "I do not care what the hell you guys design. How much are you making?"

Mr. Pope: Probably Eddie Sargent.

Mr. Reid: Yes, the Eddie Sargent question that is engraved somewhere on the wall.

Knowledge and hard work and working closely with the auditor: those are other things that happened. I sat beside the auditor the first year I was chairman and I do not think we said two words to each other. The auditor is a great help, and working with the auditor you can focus on those issues that are important and are going to have a large impact on the taxpayers' dollar. I think you have to work very closely together on your agenda and on your approach. You may not always agree, but that will be a healthy thing.

If you want credibility with the civil service, which is your primary target, and with the politicians, you have to do that hard work, you have to ask penetrating questions and you have to insist on getting some answers. The system is this: not all the deputies, or whoever appears, are always going to want to be as forthcoming, shall we say, as you may want. Not at all times. You are going to have to be tough on occasion. Some of them make you, as politicians, look positively amateurish in avoiding answering questions.

Mr. Chairman: I think Ms. Gardiner knows that.

Ms. Gardiner: I have just one little thing to add. You have a researcher here. Use the researcher. The researcher has a wealth of resources at her disposal too and she can be of great use to you.

In the two years I was with the public accounts committee, I enjoyed it immensely. I learned an awful lot and I would just like to say that the Provincial Auditor's office was of tremendous help to me. So I say to the researcher, use the Provincial Auditor's office too. They can help tremendously in formulating questions as well as gathering information.

Mr. Chairman: Supplementary questions have been requested from Mr. Pope and from Mr. Runciman. We also have three people left. Will you allow Mr. Pope a supplementary?

Ms. Gardiner: Yes.

Mr. Chairman: A short supplementary, Mr. Pope.

Mr. Pope: Miss Martel asked about reforms to the system here and what improvements we can make. How do you think matters should be brought to this committee? I am not talking about the traditional way of taking the auditor's report and starting on page one. How should matters be brought to this committee? The way we have been operating the last two years has been motions which generally are contentious, debated and sometimes filibustered. I am wondering if you have any thoughts about how that could be changed.

Mr. Reid: Again, I know this was not particularly popular with all members at the time, but we had meetings of a subcommittee with a member from each party, the chairman and the auditor, who would sit down and try and manage, if you like, the work of the committee. It seems to me those issues could be brought there and dealt with.

Sometimes you may have a hot issue or an issue you want that the agenda subcommittee is not going to agree with, which still, obviously, will allow you to come to the committee and put it to the full committee. But if the agenda committee agreed, having heard the arguments, that this was a matter that could be put on the agenda, it could be handled that way.

I do not think you are ever going to entirely avoid all the partisanship or honest disagreements on what is important and what is not. But I found that committee very helpful, and we were able to structure and set the agenda for some time down the road so that witnesses could be prepared and people would be ready if there was something.

It often really bothered me, I have to tell you, that the gallery behind me used to be full. Often the deputy would bring the assistant deputy and the director of that ministry and there would be 40 people sitting there, representing probably about \$10,000 worth of talent per day--

Mr. Runciman: Per hour now.

Mr. Reid: Yes, per hour now.

The committee would be wrangling and yelling over either a procedural matter or whether the motion was in order or out of order. I think that, as much as possible, those things should be dealt with outside of the committee so you are not wasting the time of the committee.

When you think that this committee only sits two hours a week for maybe 20 weeks altogether--maybe 30; I am not sure what it is now--that is about 60 hours in total to deal with a budget of \$30 billion. It seems to me you cannot afford to eat up a lot of time in wrangling over procedural issues and motions.

Mr. Runciman: Mr. Pope and I, as usual, are on the same wavelength. We did re-establish the steering committee a couple of years ago and it has functioned pretty well, I think, but again, we did get into some horrendous wrangles in the last couple of years about setting the agenda and the topics we wanted to discuss.

Now we are in a different situation with a majority government. I guess you would look at the standing committee on public accounts having a member of the official opposition as the chairman, but how meaningful is that really? I wonder whether there should not be some mechanism whereby the opposition parties are allowed, to some degree anyway, to set the agenda without being overruled by the government members.

Another possibility is that if you want to have a really meaningful committee in terms of a critical look at what is happening, perhaps this committee should have a majority of opposition members on it. That is what happened for the past two and a half years, and I think it was an extremely effective committee. It was pretty rancorous at times, but we accomplished a great deal.

Mr. Reid: I remember the first select committee I was on was on the rules of the Legislature. In those days, we had not discovered Florida yet and we all went to California.

In California--and this was, I hate to admit it, some 20 years ago or so--in that situation, which I do not believe has changed, the minority party had more resources made available to it to criticize the majority budget than the majority had to put the budget together. It is an interesting concept. It depends on which side of the House you are on to a large extent, but it seems to me these things balance out at some point. I just offer the gratuitous comment that I think the government in power with the majority has got to be damn careful how it uses that majority.

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I think that probably at some point in the future you are going to see exactly what you are recommending. There will be a majority, or maybe more of a balance, if you like, of minority or opposition members on this committee. The problem is that the numbers fluctuate so much. You could not have all your opposition members on this committee. They would not be able to do other committees.

Mr. Runciman: Do not rub it in.

Mr. Reid: Hopefully, if you can get the press to attend on a regular

basis, that is going to be a bit of a balance to anybody stepping too far out of line and the majority of whatever party using too heavy a hand.

It happened under my chairmanship that a young lady, who used to sit right where Mr. Ballinger is--it did not matter what motion was put, her answer was no. The word went around, and then we had a big uproar. I do not think that was all that helpful. After a while, it started getting into the press and then that stopped for a while or was ameliorated a little bit.

As you work together, I think all government members, whoever the government members are, are not always going to disagree. We used to have Jim Taylor, for instance, and a couple of others who would often vote with Mr. Philip on a motion. Believe me, those were champagne days when those things happened, but they happened. They did happen.

Mr. McClelland: I will take some direction from you, Mr. Chairman, inasmuch as I am only substituting today. I was a little bit intrigued by one of your comments, Mr. Reid, and I wondered if you might be able to put a bit of a historical perspective on it.

You talked about a dynamic tension in terms of role and so on of the committee, and indeed of Mr. Archer and his offices. I suppose my question is coming to you from a historical perspective: the evolution of this committee with respect to looking at the actual implementation or the use of funds as opposed to the allocation.

Obviously, the distribution has got to be linked with the program with efficiency. Where do you see the evolution going? To a point of moving to simply the spending of dollars and cents, as opposed to allocation of dollars and cents? Obviously, that has been moving in a certain direction and, indeed, there are pressures that are directing it.

Mr. Reid: The auditor supposedly--getting back to this policy business, this committee is not necessarily going to make comments and recommendations on the allocation of money, although I think it will happen on occasion. Obviously, that gets to be a policy thing. If you are allocating money for something, you are suggesting there should be a new policy or a policy expanded, or whatever, if the committee does that. But that is why I say this whole cycle of accountability and the estimates are so important.

It is pretty damned hard right now, it seems to me, for the auditor, or you people, to look at a program that was passed in estimates 18 months before and say: "All right, there was supposed to be \$10 million spent on that program. How is that allocated and where did it go?" That \$10 million is pretty fluid as between salaries and hard assets, if you like, administrative costs.

There seemed to be a hell of a lot of discretion, I found, in the allocation of that money within that budget framework. That is why I think the estimates procedure is so weak. It is hard to keep the administrators of that money--to say to them: "This was allocated for this purpose and in this way. Did you use it in that allocation that was given to you in that way and how effective were you in spending it?"

I think the link is pretty tenuous, and that is the real weakness of the system. That is why the estimates have to be tightened up. Basically, you are just giving carte blanche to the government and the civil servants who administer that money on a day-to-day basis. They have a global budget to do

what they want to do.

If they move that money around, they have to do it by special warrants, Management Board of Cabinet orders, and there is a mechanism now to control some of the large figures. But in some of those budget allocations there is a heck of a lot of discretion on how they allocate those funds, and that is where I see a real problem in some of these things.

I do not have a simple answer other than to tighten up the estimates procedures and ask the proper questions there. Eighteen months later when you have the auditor's report, Ms. MacDonald or whoever the researcher is should be able to flip back through the estimates of 18 months earlier and say: "This was the debate that went on in these estimates. This is what the government, the minister and the deputy said the money was going to be allocated to." Then you have some benchmarks and some record to go on. Now you do not.

Mr. McClelland: More by way of comment, I appreciate that, because it seems to me that one of the things that has come up repeatedly in one way or another is the very point you made, having some almost objective standard of measurement. How do you have that in something that is political by its nature, that has the pressures of changing economies, changing priorities and so on? To make an auditor's function meaningful in that sense, you would need objective criteria. That is the tension I see there. It is certainly going to stretch imaginations and creativity to come up with it, because of the time elements. I can see that it could potentially be a very frustrating experience. You are grasping at straws and not getting a handle on what you really want to do.

Mrs. Fawcett: Being a new member, I agree with you. It is really quite a chore to get a handle on everything. I guess a few things have been going through my head.

Am I correct in saying that approximately four of the major ministries consume about 80 per cent of the budget?

Mr. Archer: It is pretty close.

Hon. Mrs. Fawcett: Then what is the basis for the decision on which ministries to audit? Should we be spending more time and should more of this book consume the ministries that spend or require the most money? How is the decision made as to which ministries are audited?

Mr. Archer: The ministries we audit?

Mrs. Fawcett: Yes. I also noticed in here that the internal auditors cannot totally be trusted.

Mr. Reid: Not entirely.

Mr. Archer: We did not use that word.

Mrs. Fawcett: I do not know. What did you say? "Rely." You are unable to rely totally on the work of the internal audit. Does that mean you need more education or better people to do that to take some of the weight off your people and allow you to spend more time on those that spend the most money? I do not know.

Mr. Chairman: Is your question directed to Mr. Reid, who is here, or to Mr. Archer?

Mr. Reid: I think Mr. Archer can do a better job, but I think that as you become proficient--and believe me, I did not sit down as chairman and have all of these ideas come to me at once. I had 10 years at it and I had to think about this, because if I had thought of what was going on upstairs, it would have driven me crazy. As time and a half goes by and you understand what is going on, you can, as a committee, say to the auditor, "We think these are areas you might want to look at," because you will find from your constituencies, the people you deal with, that they know more about some of these government programs than you will.

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For instance, if I recall, that is how we got on to the Ontario health services. We found that by way of the public out there, which informed some of our members that these health services, where doctors are paid on a per person basis per month, as opposed to a fee per visit--we got tipped off that there was one of these things operating in which there was something like, I forget, 600 or 700 people still on the roll that the clinic was being paid for per month, and 500 of them had died, moved or had never been born. That came from outside, and then the committee asked the auditor to do a report on it.

As I say, these things go in cycles. For instance, you should not believe that the auditor is going to say, "Look at Health," which is the largest spender, and do every program in Health. That in itself would be impossible. So the auditor, who will explain this in more detail, sits down and decides what has to be done, where the critical areas are and where the most money is.

Mrs. Fawcett: I guess I was just thinking of some of the lesser ministries. If the internal audit was better, would that be--

Mr. Reid: Yes, I think the auditor would agree that the internal audit has to be strengthened, and the auditor would like nothing better than to be able to rely completely on the internal audit. But the internal audit in itself is a recently new phenomenon in what, 10 years or 12 years?

Mr. Chairman: It has been 10 years in some ministries; they have not done it that long in others.

Mr. Reid: In some ministries it is later than that. As that function improves, the auditor will be able to focus even more on some of these other issues.

Mr. Chairman: Do you have further questions, Mrs. Fawcett?

Mrs. Fawcett: No, thank you.

Mr. Chairman: My list shows Mr. D. W. Smith, Mr. Dietsch, Mr. Pope and maybe even the chairman will get in a question or two after that.

Mr. D. W. Smith: I guess as a relatively new committee, with a lot of new members here for the first time in the standing committee on public accounts, if we are going to ask witnesses to come forward from the different ministries, in your past experience, would you invite the deputy minister to get more information, or would you go one step lower, or two steps lower to the assistant deputy ministers? Where do you feel, for this committee, we would get the best and most information?

Mr. Reid: Probably some obscure clerk in the ministry who would come in with a hood over his head.

Let me go back to answer that. We had a big kerfuffle over the role of the deputy ministers and their responsibilities and their accountabilities. We had a deputy minister resign because he had authorized things that his minister had not approved. We had a very important ongoing debate as to who was running things, the minister or deputy. We found out, frankly, that it was the Premier who was running everything. As a result of that debate there was a study done, I cannot remember it, Doug: accountability in?

Mr. Archer: A government accountability study.

Mr. Reid: A government accountability study, which I think it would behoove you to at least get an executive summary of. Basically, that reiterated the fact that deputies are responsible for the administration and the resources on a day-to-day basis. The committee having gone through a long thought process, and the deputies having accepted that they were responsible for the administration of those resources, we always called the deputies. We said, "Obviously, you are entitled to bring anybody you want, preferably the director of that particular program, sometimes the civil servant involved directly in that," but generally it is the deputy and the director of that particular division.

I might add, parenthetically, that generally the auditor would bring the director of the audit, who had done that particular audit as well. That had not happened before, believe me, having the presence of the person who has done the work on the auditor's staff. I am not saying these people are crooked--do not get me wrong--but the answers are not always as full, shall we say, as you might want, and that person is able to fill in some of the gaps and sometimes the deputies cannot also be aware of everything.

It is up to the deputy. When you look at the lines of responsibility, you have to start with the deputy, who then in his discretion will bring the people directly responsible. I think it is fair game that if he or she does not bring the people who can answer the questions, then you give the deputy a hard time. As I say, they do not like to appear before this committee. There are two things you have going for you in a sense: The credibility that has been built up in the years of being a good and informed committee; and, if you like, the fear of the deputies of having adverse publicity for them and their ministries and having their competence called into question sometimes. If they have to appear and say, "Yes, there has been a mistake made and we will rectify it." The smart deputies will say that. Some stonewall and get raked over the coals pretty badly.

Mr. Smith: But, from the committee's point of view, there is certainly not much use in bringing in the minister very often to try and get to the bottom of a problem that the committee has seen.

Mr. Reid: No. I would think the only time you would want a minister here is if you are unsatisfied with the responses of the deputy and the people he brings. That should happen very rarely. The place to get at the minister is upstairs.

Mr. Pope: I just wanted to say, Pat, there is another view on what you are saying, having been on the other side of it. I would have loved to get program administrators into this committee over the last two years. But, the other point of view is that it is really the old schizophrenia between the

American and British system. The minister is responsible for his ministry. When I was a minister, if there was a request for a specific discussion of a program area in estimates, I briefed myself and I brought my deputy. That was it. I did not have a room full of bureaucrats whom I would call up and have subjected to a grilling by opposition members. It was my responsibility as minister to be answerable to the members of the Legislature. This is a real dilemma that cabinet ministers have.

I do not think it is in the job description of a program administrator from a government department to engage in a political debate with a member of this Legislature. The minister is responsible to the Legislature for the conduct of every single one of his employees. So there is a real dilemma that ministers have. From my recollection, this is probably the only committee--to this extent Patrick is right--that ministers of the cabinet feel is a nonpolitical forum where they just review dollars and cents. If you get into policy areas--and this is where I was coming from with the auditor--if I was a minister, I would say, "If you want to discuss that kind of stuff, I will be here because I am accountable."

Pat was able to develop over a period of years a reputation of it being a dollars and cents review, trying to find out where government waste was or misappropriation of funds. There are a whole bunch of issues starting to surface that if I was in cabinet would really cause me some concern.

Mr. Smith: Just a comment on what Mr. Runciman has said. He feels we should move towards the opposition members being the majority in this public accounts. I think if this had been done a few years ago we would be much wiser today and maybe things would not have happened in the way they have.

Mr. Chairman: You are not in any way being partisan?

Mr. Smith: No, not at all. They were talking about this policy. I know it has been dealt with a bit. I believed in the past--and I bring this from municipal experience--that some people seemed to want to develop policy that would appease a certain group out there who may be raising a storm and causing you all kinds of problems, but in creating the policy, they had no intentions of ever carrying out an inspection or carrying out the philosophy of that policy.

I wonder if you, as the auditor, have found this to be the case sometimes in this level of government, because I certainly saw it at the municipal level. They would pass a bylaw just to get somebody off their back, but they had no intention of ever carrying it out.

1120

Mr. Pope: Terrible.

Mr. D. W. Smith: I wondered if you had seen that. If that is what you are coming at here.

Mr. Dietsch: What municipality was that?

Mr. D. W. Smith: I do not know where it was now.

Mr. Archer: That may well be the situation, and the one that was under discussion this morning, to appease the public, they had these four major polluters send in information. On the surface that looks good. Maybe

that is as far as they want to go.

We are saying though that, in effect, as it is, does not do anything for anybody. If you are going to do the job properly, you have to take this one additional step and at least periodically verify the information that is coming in. They have not admitted it was never their intention to do that. In fact, the response to our comment from the ministry was, "Yes, we agree with you and, henceforth, we will attempt to periodically verify this information."

Mr. D. W. Smith: From what Mr. Pope has said, as a past minister of the cabinet, is this the part that he is worried about or he has seen in the past? I do not know whether Mr. Pope wants to--

Mr. Pope: What would happen is, the Minister of the Environment will go to Management Board and say, "I am under pressure from the Provincial Auditor. The son of a gun"--and that is putting it mildly--"is about to issue a report and he has filed written"--and I wanted to ask Pat about these written interrogatories and replies, but I will pass on that question since I got it to him.

The Minister of the Environment will go to Management Board and speak up in cabinet and say, "The auditor is going to give me a hard time. I would like some extra funds to put this program in place." The Treasurer (Mr. R. F. Nixon) will say, "If we are going to make policy decisions on priorities within the Ministry of the Environment based on the Provincial Auditor's report, what kind of government are we running?" I mean, I can just hear him. That is why you are getting into all sorts of political issues. That is where you have trouble with--

Mr. Chairman: At the risk of coming back from the chair--surely Management Board might say something different. They might say, "Mr. Minister, why did you state objectives, which you knew you did not have the instruments to fulfil, nor the instruments to evaluate? Unfortunately, you have been caught."

Mr. Pope: Do you know what the response would be, having been through this game a number of times? The Minister of the Environment will say, "We told you at the time we did not have the financial resources to--

Mr. Reid: Every minister says that.

Mr. Pope: Yes, that is right.

Mr. Chairman: It is your tough luck if the auditor caught you.

Mr. Dietsch: Pat, I am intrigued, I guess, by your comments with respect to subcommittees setting an agenda. I have some scepticism, if you will, about that type of a format in terms of valuable input by all the members of this particular committee. I guess what I would like to know is, when you talk about a subcommittee of this committee setting agenda rules and setting what could be viewed as a potential line of questioning and so on. I can see that to a degree, but in my opinion that would circumvent the valuable input from the balance of the members of the committee. I would like your view on that.

Mr. Reid: I guess two or three things come to mind. That whole system presumes that the members of each caucus are going to talk to one another. I think our presumption earlier on, frankly--and not to cast any

stones, but everybody was not, shall we say, as equally interested in the functioning of this committee as others were. I am presuming that the NDP members will discuss amongst themselves what their priorities were, the Conservatives will and the Liberals will, and the party rep who goes to the meeting will have those ideas fairly clearly in his or her mind.

Second, it is only a subcommittee and both the rules of procedure and the agenda itself have to be approved--the way we operated, anyway--by the whole committee. It was not as if there were four people meeting in the chairman's office and structuring the world for the next year. It still has to come before the full committee. We had some fairly good debates on what was important and what was not in the view of different members. You will not always agree, but I think it speeds up the process somewhat at least.

Frankly, what we tried to do was hold the meeting and say, "All right, now you come and tell me whether you want item 49(2), or what do you think in the auditor's report we should do?" Some people would come with item 49(2); some would come with 53(7); and some people would be sitting there at the meeting saying, "What about sub 6?" and that sort of thing. As I say, believe me, I do not want to sound patronizing, but you will find, if you have not already, that time gets to be a pretty precious commodity around here. To survive and keep your sanity, you are going to have to keep this kind of stuff to a minimum. Otherwise, you are going to drive yourselves batty.

Mr. Dietsch: I can appreciate what you are saying and I recognize the value of that type of an input. However, I think what it does in some respects is it stifles the opportunity for varying points of view to be put forward. I say that from the point of view of Mr. Runciman's line earlier, that is assuming that all members in political parties will not speak out in terms of what their views are. If this committee is going to be a functioning committee and you are going to get some value out of it, I think then you have to look at the improvements to the system, whether they be put down by the government or not. My understanding would be that we would be looking at what we can do to valuably contribute towards the improvement of the system. Otherwise, what is the point of having this type of committee in the first place?

Mr. Reid: But views will differ on how best to do that.

Mr. Dietsch: There is no question about that. Mine, in particular, will differ. I guess the other question I would like to ask you while you are here is, what type of an impact can be expected from what is the substance of common view from this committee?

Mr. Reid: Let us go back one and just look at what the auditor said about the Ministry of the Environment. That has had a pretty radical effect already. One can argue that was not the effect it should have; that was a policy area. You can argue that and you will always argue that.

Mr. Chairman: Excuse me. Mr. Runciman, we are trying to deal with some procedural matters. Would you please stay for 15 minutes or come back in 15 minutes?

Mr. Runciman: Perhaps the clerk could give me a call.

Mr. Chairman: Okay.

Mr. Reid: You are always going to run into those kinds of things.

The committee will have an impact only if it is perceived by most members, the cabinet and the top echelon of the civil service, as being a hard-working, credible committee without too much of this partisan wrangling that we talked about. As I said earlier, you may not always see the results of your deliberations or your recommendations, but if they are based on good solid research material from the auditor, from your researcher and from good questions here, they will be taken seriously.

It is like politics generally. It is a matter of credibility. This is a new committee--not necessarily with all new members, but it is a new committee--and you are going to have to build up your own credibility by coming up with commonsense resolutions. There is not any magic to any of this. We just have to ask what makes sense, what is common sense? Is this going to improve the system? There was a mistake there. Is that mistake worth worrying about in a \$30-billion budget? If so, is there something corrective that can be done about it? You will have an impact.

It was frustrating. Mr. Ballinger talked about frustration and it was frustrating for a long time, until I started getting some feedback from within the civil service itself that changes and reforms were taking place.

1130

As I said, the Chairman of the Management Board of Cabinet or the Treasurer--whoever--is not necessarily going to get up and say, "By God, the standing committee on public accounts said such and such was wrong and, by God, were they ever right and, by God, we changed it." That sometimes actually will happen, but very seldom.

The important thing is that the auditor will go back and audit the recommendations the committee has made and will in subsequent years, and still does, have a chart, in which the committee said this. If you go through the reports for the last number of years, I would say 75 per cent to 80 per cent of the recommendations of the committee have been accepted and acted upon. There is not any other committee in this Legislature that has that kind of record.

Mr. Chairman: You are going to be reaudited the following year and called back before the committee if you get a bad report card a second year in a row, and they will be a little less cordial than they were the first time.

Mr. Reid: That is right.

Mr. Ballinger: First of all, I want to compliment you for inviting Mr. Reid. As a rookie here, when I first learned I was being appointed to the standing committee on public accounts, I got out sort of a textbook to tell me what public accounts is supposed to do. Then I took the liberty of pulling Hansard over the last few years to see what they actually did. I found the discussion here this morning very interesting, because it is very diverse from what the majority of the time was spent on over the last term.

Your point about wasting time and people sort of getting at each other's throat on a continual basis is interesting. I wish Mr. Runciman was here because my impression over the last two years is that is exactly what happens. There were members coming in using this committee for a political forum that might well have been better served upstairs, by virtue of throwing motions on the floor to invite certain people in who may have been involved or accused of a conflict, as an example.

I recall very vividly reading about the IDEA Corp., but very little discussion ever about public accounts. As I sit here, I am saying, "This is really refreshing because here is a chap with 10 years' experience who is talking about the things that I thought or anticipated we would be discussing, but it appears to me, at least in the previous term, that was not the case at all."

Mr. Reid: I have painted you a picture of what the perfect public accounts committee can, and should be, in my mind. This place is a political forum. You are not going to get away from it. I think that you will find, if you serve a few terms here in both a minority government and a majority, that there are different dynamics and attitudes in place.

When you are in a minority situation, you can expect an election virtually any time and everybody's view and approach differs substantially from a majority government situation where you know that, barring some great accident, you are not going to have an election for three and a half or four years, and there is no point getting highly partisan and trying to get your name in the paper or dredging up a scandal that may or may not be important.

After three years you may be working well together and everything else, but you will find as you get closer to election time that everybody's psyche changes, people get on edge and they get nervous. They want to make some press back home or they want to embarrass the government or they want to embarrass the opposition; so the dynamics will change.

I think you have an opportunity in these first few years, because you do not have that pressure and those concerns about the upcoming election, to do a lot of good work. I read some of Hansard and it is difficult. You people have been elected. You have a responsibility, but we are all human beings and we get carried away and we forget what the public out there really expects of us and are watching.

You will find the same thing in the Legislature. You are in this place on a day-to-day basis and your perspective gets kind of narrowed down a little bit. Because everybody is spending 16 hours a day working and going home and spending 16 hours on the weekend, tempers get short and the perspective changes a little bit. It will never be an ideal situation, but hopefully those are the goals you might want to aim at.

Mr. Ballinger: As a comment, though, quite honestly, just sitting here listening this morning I prefer your sort of perspective of what we should be doing here. I guess as a group, collectively, it is going to be our responsibility to make sure of that.

Mr. Reid: That is right. I think what went on in this committee, with few exceptions, should well have gone on in the chamber upstairs.

Mr. Ballinger: I agree. It speaks for itself in the process.

Mr. Chairman: I have a couple of questions, and then we have some procedural matters to deal with at 11:45.

One of the things that came out in Ottawa at one of the conferences that Mr. Ballinger and I attended was that 40 per cent of deputy ministers on the job are there less than one year, the average deputy minister is in his position 1.4 years, so you have the problem that when you are trying to hold a deputy minister accountable, by the time you get around to dealing with his

sins he has moved on to another ministry. You used always to say heads rolled upwards rather than downwards.

In 1981, this committee recommended that the person responsible, regardless of what position he might be in at the time of the auditor's report or at the time of the committee's interest, be the person called before us to account for what he or she did, rather than simply have the steady process of deputy ministers saying, "I'm terribly sorry that my predecessor seems to have botched up."

I am wondering what your views are. Should it be a formal practice of this committee to call the deputy minister who was in place when the mismanagement occurred, or do we continue to call deputy ministers who say, "I'm terribly sorry, but I'm two deputy ministers removed from the action"?

Mr. Reid: The timing of what you are dealing with is always a problem, and I am going to give you a good small-l liberal answer.

Mr. Archer and I used to have long philosophical debates. It was my view, and this is where Mr. Pope and I will disagree on his comments earlier, that if civil servants are responsible for the actions and the administration, if they screw up--we are all entitled to one mistake or maybe even two, but if they do it on a continual basis--I think something has to be done and I think they are responsible for their actions.

I have a problem with the old ministerial responsibility in which the minister is responsible for each and every thing that goes on in his ministry. These ministries are so large, how can a minister be responsible? He is hopefully spending most of his time on policy development and what not, and his accountability is in the Legislature. The deputies and those people who do not, by the way, have to run for office every two or four years should be responsible and be prepared to accept the consequences of their actions.

Having said that, the question also is, what is the main purpose of the committee? Is it to hang somebody for the sins, real or imagined, to punish him for the sins, real or imagined, or is it to ensure that it does not happen again?

I guess after long reflection and being away from the day-to-day tribulations of this place, in a theoretical sense, I would have to come down to the point where what you want to do is ensure that it does not happen again and that public funds, taxpayers' money, is not wasted. It seems to me, therefore, that you have to deal with the person who is now in charge and say: "All right, you did not do it. What have you done to make sure it is not still going on or it is not going to happen in the future?"

Mr. Archer is not smiling as much as I would like because I have come to his view on that, but basically, I think you have to come down to the fact that you are not always going to be able to pin it on somebody, if you like. Your basis is, "Let's improve things." I think the message gets through pretty well when you have a deputy here. In a way, it spreads out pretty quickly, that message. The deputy does not like to be here any more even if he was not the one who did it two years ago. He is going to make bloody well sure not only that it does not happen but also that the other thing does not happen.

1140

But I do not, at the same time, have any problem with the chairman or a

committee member saying, "All right, Ms. Schwartz, you weren't the deputy then when this thing got off the rails, but so-and-so was." I do not have any problem with that.

Mr. Chairman: Part of the problem, though, surely is that the deputy minister says he does not know. That covers over a lot.

Mr. Reid: I think that is an unacceptable answer under any circumstances. I presume things have not changed that radically. The researcher or the clerk of the committee or the chairman is usually in touch with the deputy minister's office well in advance of his or her appearance here. They have seen, in most cases, the Provincial Auditor's report or they know what the concern of the committee is. For a deputy to come in here and say, "I don't know anything about that" or "That wasn't me," and not have briefed himself and had the person who had more immediate responsibility here is, to my mind, dereliction of his duty and responsibility. I think he should be castigated greatly for it.

Mr. Dietsch: I just wonder why it would not be the most appropriate route to bring them both here. Quite frankly, if a deputy minister comes into a position where he screws up, as they say, then, quite frankly, he should not be moved to another position where he can do it again. I cannot see the value of moving people around like that. I think they should both be brought in.

Mr. Reid: Again, I think you have to consider some of the realities of time and effort and what not. You can have a whole new pack of deputies here. I am not sure how efficacious that is really going to be. I will tell you something else: it is difficult. One of the frustrations you will have is finding out who did screw up. A needle in a haystack, in a small haystack or a large one, is easier to find than, in the words of the chairman, it is to pin it on somebody. Rightly or wrongly, the system is so diffuse and there are so many layers of responsibility and so many collective responsibilities, it is difficult to say: "All right, Mr. Dietsch. You were the guy running that program. You did it."

Mr. Dietsch: It would sure make them accountable.

Mr. Reid: I am not adverse to that, but I can tell you that you will have difficulty doing that. But the mere fact that you might do it keeps most people honest. There were a few major problems in the years that I was here. Health services was one. That, I think, was a major screwup by the then Minister of Health and the then deputy and assistant deputy. They got castigated pretty well. I would have liked to have seen some further action.

We saw at Ontario Place that the new manager who came in found a \$1.5 million to \$2 million scam within six months. Why had not the previous guy? But the thing had been done, so what are you are going to do? Go back and haul in the guy who had been fired or let go or had left and say: "Why the hell did you do that? Harry found it, so why didn't you, Susie?"

Mr. Ballinger: Because he left with the \$1.5 million.

Mr. Reid: No.

Mr. Dietsch: If he has left, it is not a real problem. But if he has moved to another department, it certainly is.

Mr. Reid: You have to be very careful, though, because you can

destroy a person's reputation and career. So you have to be very, very careful of that kind of responsibility.

Mr. Chairman: I think after our visit to the General Accounting Office this debate is probably going to continue. I think you and Mr. Pope will debate it. I will debate it against Mr. Pope's position and we will have him in.

I recognize Mr. Offer and I will let you have your supplementary, a very short one, because we do have procedural matters to deal with and we will not be able to operate this committee next week unless we deal with those procedural matters. I do not want to deal with them when the bells ring.

Mr. Offer: I found the last line of questioning somewhat interesting and also somewhat troubling, because it would seem to me that there was a clear distinction with respect to the role of the committee. Are we looking into the effective and efficient operation of a ministry as opposed to the particular actions of a particular person in a ministry? It would seem to me if we get off on that particular avenue, looking for the actions of one particular person in a ministry, then it will take us away from what I think our focus and mandate ought to be and that is to make certain and to try as best we can to be aware that the dollars are efficiently and effectively used. It would seem to me that ought to be the focus.

Mr. Reid: I agree with this. I think this should be your primary focus. On the other hand, this is an accountability committee. In my personal view, which a lot of people do not agree with, individuals within the system should be accountable for their actions. I think this is a secondary thing. The focus should be on improving the system, reform, ensuring it does not happen again. But I believe there is a function of this committee to hold individuals within the system responsible for his or her actions as best you can do.

The problem is, it is very difficult to do it. I think you have to be very circumspect, very careful. The issue has to be of such magnitude that it is clear to everybody. In Mr. Dietsch's words--this person made such a mess, it cost the taxpayers so much money, that there is no bloody way this person should be running the Ministry of Education after he screwed up in the Ministry of Health. But I will tell you--

Mr. Chairman: I want to thank Ms. Gardiner and Mr. Reid for sharing their experiences with us.

Mr. Reid: You just want to cut me off to get even for 10 years of cutting you off.

Mr. Chairman: I do not think you cut me off nearly as much as you cut off some of the members of your own party.

Mr. Reid: That is true.

Mr. Chairman: I think that has to be said for your chairmanship.

We do have a couple of matters that must be dealt with. Thank you once again, Patrick, and I hope you come back to visit us.

Mr. Reid: God bless you in your good work.

ORGANIZATION

Mr. Chairman: We agreed that we would have the consideration of the estimates of the Provincial Auditor next Thursday. We have been allocated five hours of time for this. In the past, we have dealt with the matter in about two and a half. We do not have to use all the time allocated. If it is the wish of the committee, we could sit at nine o'clock rather than at 10 o'clock. That would give us three hours and it would allow us to pass the estimates probably without having to carry them into the break session.

We have a fairly heavy schedule in the break. We have asked for four weeks of sittings. We will probably only get three granted to us because of all the other committees that all of us are on.

Is it the wish of the committee or does someone wish to move that we sit at nine o'clock, or would you be content to simply sit at 10 o'clock, see what happens and then make a decision at 12 o'clock next week?

Mr. Dietsch: You say we have asked for X amount of time through the committee. Did you hand that out somewhere? Did you put a program forward?

Mr. Chairman: No, this will be dealt with next. It is the next procedural item. I will be happy to deal with this.

Mr. Dietsch: I just thought it might be more appropriate to have it in writing.

Mr. Chairman: The subcommittee did not have a chance to meet last week because the subcommittee was in Ottawa.

Mr. Offer: I have no objection to starting it at 9 a.m., with the understanding that it is not a given that the estimates will, in fact, be passed at the end. They most likely will, but certainly we are not committed to that.

Mr. Chairman: Mr. Offer, you are moving 9:30 a.m. or 9 a.m.?

Mr. Offer: Nine a.m.

Mr. Ballinger moves, seconded by Mr. Offer, that this committee sit at 9 a.m. next Thursday to consider the estimates of the Provincial Auditor.

Motion agreed to.

Mr. Chairman: Everybody gets their name in Hansard.

On the matter of the estimates of the Provincial Auditor, we will hand your briefing book to you and we hope you will have a chance to look through it.

Next week, we thought that rather than the usual lead-off statement, as the Provincial Auditor, or as a minister would do in estimates, that it would be a very useful exercise if the auditor would lead us through the briefing books, item by item, to show exactly how those estimates were arrived at.

I have also asked Wendy to prepare for us a fairly detailed summary of increases in various categories over a three-year period, so that you will have an instrument with which you can compare how the increases have occurred

over a period of time.

It is necessary for the subcommittee that was established at our first meeting to meet, and I am wondering if it is agreed that the subcommittee, which will recommend the schedule of business and items to be considered by the committee during the break, might meet at nine o'clock on Tuesday. Is that agreed? Mr. Ballinger is on the subcommittee and Mr. Runciman, who has left. Is he able to meet at that time?

So at nine o'clock next Tuesday.

The subcommittee, hopefully, will come back with recommendations on Thursday for a schedule. By that time we should know exactly when the House is allowing us to sit during the break.

Let us meet in the legislative dining room over breakfast.

Mr. D. W. Smith: What about January or February? Have you got a preference?

Mr. Chairman: I can give you rumours off the record, but I do not want to spread rumours on the record. I have talked to the House leaders and they tell me it is not likely--that January is probably not a possibility because of other committees that are sitting, so we are probably looking at February and March.

Mr. D. W. Smith: That is off the record?

Mr. Chairman: That is completely off the record. I will just add to all the other rumours you are hearing from the powers that be.

The committee adjourned at 11:52 a.m.

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LACKING NO. 3

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF HEALTH

TUESDAY, FEBRUARY 16, 1988



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Black, Kenneth H. (Muskoka-Georgian Bay L) for Mr. Dietsch
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Machen, Gordon S., Director, Electronic Data Processing and Resources Branch

From the Ministry of Health:

Barkin, Dr. Martin, Deputy Minister
Gibson, Malcolm, General Manager, Ontario Health Insurance Plan

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, February 16, 1988

The committee met at 2 p.m. in committee room 1.

ANNUAL REPORT OF THE PROVINCIAL AUDITOR, 1986-87
MINISTRY OF HEALTH

Mr. Chairman: I recognize a quorum. The committee will come to order, unless somebody challenges that there is not a quorum. I am sure there will be a Conservative soon.

We are dealing with the annual report of the Provincial Auditor, section 4.8, which is the Ministry of Health. We have Dr. Martin Barkin, the deputy minister. We welcome Dr. Barkin. We also have Ron LeNeveu, Assistant Deputy Minister of Health, administration, finance and health insurance. We also have Malcolm Gibson, general manager of the Ontario health insurance plan. I understand we have John Dorland, who is the senior manager of planning and development, and Eric Murray, who is a needs consultant.

Mr. Murray: Medical consultant.

Mr. Chairman: Medical consultant. I am sorry. This is handwritten. The clerk of our committee writes in such a way that I can read everything he writes, but sometimes when I get other people's handwriting, it is harder.

The members have been briefed, both by our researcher and by representatives of the Provincial Auditor. Dr. Barkin, do you have an opening statement? If at any time during the hearings you feel there is anyone else in the audience who can answer a question perhaps better than you may be able to at that particular time, feel free to introduce that person and call him to the microphone.

Dr. Barkin: Thank you, Mr. Chairman. I am pleased to be here at this moment, largely because it is, I think, four months and 10 days since I joined not only the Ministry of Health but also the Ontario public service. So much of these proceedings will be as new to me as any proceedings I have attended. On the other hand, recognizing my newly attained responsibility, I am most interested in the findings of this committee and of the questions that will take place since these will certainly form part of the guidance that I will receive in formulating our proposed new directions and administrative policies.

Since I was not here, or even a member of the public service, during the time of the audit, I may have to defer to my assistant deputy minister more frequently than you are accustomed to. I hope you will understand the reasons for that. I have no other opening statement to make and I suggest we get on with the proceedings.

Mr. Chairman: Mr. Archer, do you or your staff have any opening statements that you wish to make?

Mr. Archer: No, I do not think so. I think any opening statement would merely be just a repetition of the summary that already appears in the auditor's report.

Mr. Chairman: OK. We will start off then with the questions.

Mr. Pouliot: The auditor's report of 1987 concluded--and I am talking here in terms of section 4.8, "Conclusions and Findings"--that the computer system is if not archaic, certainly outmoded. It is our understanding that you have made representation to the Management Board of Cabinet for the installation and implementation of a new system. In a summarized form, can you tell us about the cost of the system and what the difference will be between the existing, outmoded system and the proposed one?

Dr. Barkin: Thank you very much for the question. Just to correct your impression, we have not yet made a presentation to Management Board. We are intending to make such a presentation. So I cannot give you the exact, final costs. That is what we are in the process of delineating. However, some of the staff here are able to do so, and I will certainly try to address the likely range of the cost of that.

Your question, as I understand it, was to describe the existing system and then indicate how the subsequent system is likely to be different.

Mr. Pouliot: The focus on the latter.

Dr. Barkin: All right. The existing system had its outgrowth from technology that was present around 1970-72, and I will ask Mr. Gibson at one point in my reply to describe that. If your question is to focus on the latter, the latter will focus primarily on developing a reregistration of the entire province, providing for each resident and for each eligible recipient of coverage a unique health identifier.

The purpose of that is several-fold: first, to assure us of the proper registration of each eligible recipient; second, as the minister wrote in her letter to the district health councils, to determine exactly what the provincial needs are in terms of health care by being able to monitor the usage of the system in a way which is not available to us under the current OHIP computer system.

1410

We have no way of monitoring exactly, for example, the relationship between certain geographic areas and certain outbreaks of illness. That is a very minor example, but it is an example nevertheless. The system was never designed to do anything more than pay bills using 1971 or 1972 technology. It was never designed to be used as a vehicle for planning or assessment of needs or developing a comprehensive view of the state of the health system of the province.

I personally regard that as the major shortcoming now and the thing that ought to be addressed. It is very difficult to give you a cost-effective relationship between being able to plan and getting effective systems, but I have no doubt that our decision-making in the future must depend on better data than are available to us today.

I thought it might be worth while for you to see the complexity of the system as it relates to claims payment based on 1971 technology. I thought a question like that might come up, so I asked, to make life easy for us, to have prepared a very easy diagram to show how this happens. With the chairman's permission, I will distribute that diagram and ask Mr. Gibson to speak to it.

Mr. Chairman: If you provide it to the clerk, the clerk would be happy to distribute it to the members of the committee.

While we are doing that, my suggestion to the committee is that our questioning deal with this item in two separate sections: first, with the computer system problems, which Mr. Pouliot has started to ask questions on; then after we have dealt with that, we could perhaps look at the out-of-province hospital claims. Does that meet with the pleasure of the committee? I think that is more logical than bouncing back and forth.

Members have the document you are referring to, Dr. Barkin. I wonder whether you care to address yourself to that.

Dr. Barkin: Yes, I will, and I will ask Mr. Gibson, who has been introduced to the committee, to take over at the appropriate point.

The diagram which I draw to your attention is the one headed "Present OHIP Computer Systems--Simplified." Some of you may not think this diagram simplifies it, but it is as simplified as we can get to let you know the number of databases that get processed.

To understand the flow that will be explained to you, let me introduce the topic by saying there are a number of databases, a number of holdings of information that are used to process a single claim. The more automated that process can be, the more correct the pieces of input are, the more correct will be the entire process of handling that claim. The claim will go through a variety of checks, albeit done by computer. These checks I will now ask Mr. Gibson to describe to you, starting at the top left-hand corner of your page where it says "Fee schedule master," and where "Claim cards" come in.

There is another layer there that says, "Electronic claims." OHIP is moving to communicate using other than written media with those who submit to it. That increases the efficiency of the process and decreases the cost of maintaining claims. But for the moment, we will follow through a written piece of paper called a claim card that will come in, for example, from a physician on behalf of a service rendered to a patient.

Mr. Gibson, would you take us through that?

Mr. Chairman: Mr. Gibson, perhaps you would lead us through this.

Mr. Gibson: The deputy minister has mentioned that it is a simplified version. I would like to mention what has been in the Provincial Auditor's report, that there are in fact 1,500 different computer programs, with 1.5 million lines of computer code, so this is very much a gross simplification.

When a claim card comes in, there are three key things one has to find out. Is this an eligible resident? Is the procedure an appropriate procedure? Is the practitioner an appropriate, licensed practitioner?

If you follow from the left-hand side there, the claim would come in. It would be checked against the "Fee schedule master," which is a computerized representation of the medical or practitioner fee schedule. It is a little bit out of sequence, but conceptually, before the claim is assessed, the fee being claimed will be assessed and the appropriate fee will be put on automatically by the computer system.

The claim would then move down to the "Subscriber administration system," which is on the left at the bottom, to check the eligibility of the patient. It says there that there are 4.8 million contracts. That represents the single and family contracts that exist, the paid or assisted contracts that are on file. That represents 9.2 million people, the population of Ontario.

The claim would then go to the "Health resources register," which is mentioned in the report, containing the names and demographics of physicians and other practitioners, to ensure that this is a registered OHIP practitioner, one of the practitioners we recognize.

The claim would then go to the "Claims reference file," which is a history file of medical services that have been performed and charged against an individual's account. We will undoubtedly discuss the 25 records that are in there at the appropriate time, but I just want to mention that the file is used substantively for two purposes. One is to record data for seven years, because we are asked frequently for medical data by people, or the courts, that have a reason to have that information.

It is also used in the process of assessing, using the medical rules that are indicated there in the little box. The medical rules are 120 computerized rules to ensure that policies are being followed; for example, that you would not have a duplicate appendectomy. Or if there is a policy that there is no more than one consultation in 12 months, that would be looked at in the patient history and it would be rejected if there had been more.

The claim would then proceed to payment. The historical information would be recorded on the physicians' profiles file, which is used for monitoring and looking at physicians' practices. It would also be recorded in the "Physician monitoring system," which is a screening system to look at all physicians' practices against cohort groups to look for aberrant practices. Claims that do not proceed through the system are reported on a database called the "On-line claims correction system," where they are retained until they are corrected by staff on an on-line basis one way or the other. There is a status inquiry report for paid subscriber claims. Cheques or tapes are produced for direct deposit to physicians.

Dr. Barkin: This is a 1970s technology which is referred to as a hierarchical database. It does exactly as Mr. Gibson has described. We refer to the new database, and therefore the new computer system that would be designed to serve that, as a relational database. Somewhat different from hierarchical databases, they represent technology that really has only come into its own in the latter part of the 1970s and has been considerably refined in the mid-1980s. That permits one to query under a variety of circumstances, but we simply cannot query this kind of database.

This will do only what you see here. You could not go in and say: "Gee, you have all this information. You know where the doctors are. You know where the patients are. Why can you not link certain practices with certain patients in a particular way that could, say, give me an incidence of disease or an incidence of diagnoses." These kind of machines can only do that with considerable difficulty and considerable programming expertise.

Mr. Pouliot: I am still trying to arrive at the cost of the proposed new system.

Dr. Barkin: What is the general figure now, Malcolm?

Mr. Gibson: It is \$45 million to introduce a cleaned-up registration system and to redesign all of the systems. The current cost estimate is \$45 million outside money and a contribution of about \$5 million (inaudible) It is approximately a total \$50-million effort.

Mr. Pouliot: Any tentative date of implementation for the new system?

Dr. Barkin: We propose to have our proposal in hand by the end of March or the early part of April. We estimate a time track for doing the reregistration of the province of approximately 24 to 30 months.

Mr. Pouliot: So \$it is 45 million to introduce features that will correct the shortcomings. How much will it cost in maintenance for the new system?

Mr. Gibson: We have approximately 55 systems people at an average salary of about \$50,000 a year--I do not have my calculator with me--who are currently maintaining the existing system. We expect it to be substantially lower than that to maintain a newly developed system. Undoubtedly, quite a lot of money will be spent on people who are exploiting the new technology.

The computer cost of just operating the system now is approximately \$7 million a year, I believe, just for hardware and processing costs. That is without staff.

Mr. Pouliot: Those are all the questions I have.

Mr. Adams: My question was to the second part that you mentioned. It was before you gave us the guidelines. If I could stay on the list for that, I will ask the other one--

Mr. Chairman: I will let you start off the questioning when we come to that.

Mr. Adams: If I might, this system was described to us in some detail and it is obviously a very interesting and very complex thing and you have thought about it a great deal. Is it necessary, when you are making a change like this, to scrap the old one completely and bring in a new one, or would one option be to take part of the system and gradually change? I ask that out of ignorance.

Dr. Barkin: On the software, the data are the same data. We would use the same patients and the same background information and try to incorporate it as best we could. Some of the hardware may be usable or not. I will have to defer to Malcolm. Are any of those at all usable under the new system.

Mr. Gibson: The hardware is a somewhat incidental cost. What we have now is exactly what you said. We have systems that were started in pre-1970, up to the latest one that we have introduced in 1986. It is now called systems sprawl. One of the key problems we have is avoiding a disaster because there is now such a network of patched programs and systems that it is creaking and groaning already with kind of ad hoc add-ons.

Mr. Black: I have two questions. Did the price you quoted include both hardware and software?

Mr. Gibson: The price is the development price. We are bearing the cost of hardware now, so the cost of hardware under the alternative system is expected, with the way in which hardware costs are growing, to be less. That is a sunk operating cost that we are bearing now. The \$50 million really talks about the development assets of designing and implementing a new system and converting to a new registration system.

Mr. Black: Did I understand you correctly to say that you would be using the existing database, or would you be refeeding and re-entering new data?

Mr. Gibson: We would convert as much as possible of the existing database. That cost of conversion is included in the \$50 million.

Mr. Black: Will you be able to clean up the data as you convert it?

Mr. Gibson: Certainly we will make every effort to clean it up as much as possible. There are techniques, when you do make this kind of major change, to clean up data. One of the key problems will be to link the existing file, which is acknowledged to be a somewhat dirty file, to a new file and we will have some very rigorous processes for cleaning up the existing data.

Dr. Barkin: To make the answer a little more related to the paper that is in front of you, there is no way of cleaning up the data that is already in and that is not clean.

The claim reference file will have mixtures of data. That is the one which the report refers to as having 25 million participants in the presence of a population of nine million. What we will be able to clean up, however, is the process by which you end up with 25 million participants.

If each individual is given his or her own unique health number and carries it throughout his or her life, then two important outcomes will take place. Number one, we will not have the situation where every time you change jobs you get a new OHIP number. That is why some of the claims numbers increase. Or when you change from being a dependant and go out to work on your own, you get a new OHIP number. And if you are married, divorced and remarried, there is another OHIP number under which you are registered.

At this point what we hope is that the OHIP number will be unique to individuals and that their family ties, if that is the way they will be grouped for premium purposes or what have you, will be secondary to the unique identifier.

Secondly, having a unique identifier is a much firmer guarantee of patient confidentiality than a shared or group identifier. For example, there is the possibility today--although we have ways of trying to prevent this happening--that where an adolescent is receiving medical treatment under a parental OHIP number, confidential information could move back to the subscriber.

A unique health identifier is designed to protect the confidentiality of the individual's own medical record. That is a second, positive outcome of making that shift. Now we have to go through all kinds of machinations to assure that level of privacy. We certainly go through that but it is not as tight, as I say, as having your own number.

Mr. Black: Mr. Chairman, I have one more question. I am not sure I

got the answer I was looking for. As I understand it, you are starting with dirty data that you are going to use again. Is that not going to make it very difficult to end up with clean data?

Dr. Barkin: We will not use all of the data. There are certain amounts of the data that you will use. You will have to use your name and when you get your new number assigned, that new number will be assigned to you. There is a question of what additional amount of data will be included in the master file. We are seeking some advice from the district health councils to balance our need for data with our need for preserving patient confidentiality in all of this. Generally speaking, your address in the process of reregistration will be a clean address at that moment and the telephone number and a few other bits and pieces of information such as postal codes and that kind of thing.

We would keep that quite separate, the registration of the patient, which would be absolutely clean because we are going to go through a fresh registration process. That will be clean. The past claims history on the patients, because it relates to a file that we cannot clean up, it relates to things already put in, will have the weaknesses that Mr. Gibson has referred to, even after we have introduced programs to clean those. That will form only a reference file, however. All new buildup from the time of reregistration will be as clean as you can be under that proposal.

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Mr. Smith: As you were going through this presentation on how you handle a claim, you seemed to put emphasis on having to check out the patient and check out the doctor to see if they were all registered. Do you have any numbers as to how many would apply as patients who are not registered or doctors who are not registered with OHIP? Does that happen very often when you go through the process here?

Dr. Barkin: The audit disclosed a number of those. I think Mr. Gibson can speak to both sides of the coin, the unregistered patient and the unregistered practitioner.

Mr. Gibson: In fact, in my experience, never have we found a situation where an unregistered practitioner has attempted to process a claim. That is in my memory and my experience. It certainly has not happened within five years or whatever the length of my memory--never.

With regard to patients, for one reason or another, I believe approximately 3.5 per cent of claims reject for one or another reason. Either the patient's coverage is not in order, there is a mismatch of name and contract number or there are other mismatches of that nature.

Approximately three per cent of claims are corrected, through this process of medical assessment and the assessment of the fee schedule, because the original claim was incorrectly submitted.

Mr. Smith: There are certainly no fraudulent cases or anything like that, or at least not very often?

Mr. Gibson: I think in terms of crass, sheer fraud, we send out verifications to a statistically selected--in fact, we had a large public accounting firm and our own people select a random statistical sampling which

would give us the kind of validity that is reasonable. In eight years, I think the average return on that, as I have indicated, concerns perhaps of two physicians a year where there is a suggestion that there might have been a claim put through and a service was not performed. It is a very low incidence of anything of that kind.

Mr. Chairman: You have in the past laid fraud charges, have you not, against doctors who have done that?

Mr. Gibson: Yes.

Mr. Chairman: I recall one case a couple of years ago where that happened.

Mr. Pouliot: One final question on this item. It will become a matter of record. The capacity of your computers to digest should never be underestimated, as you had some 24.6 million claimants while Statistics Canada--and I am sure you will not disagree with the following--will attest that the population of Ontario is some 9.16 million. It is more than a small discrepancy. How do you explain what I find an astounding situation where you have, on one hand, on your reference file 24.6 million people in Ontario for the purpose of belonging to the OHIP program?

Dr. Barkin: I alluded to that in my previous answer. The two files to note are the subscriber administration system, which is the file that references those who actually have contracts with OHIP--that has 4.8 million contracts representing family contracts and the nine million people--and a claims reference file, which is not the file used to process the claim but is used to look at the history of claims processing.

In that historical file, there will be patients with numbers, or clients with numbers, who have received several numbers over the period of a lifetime, and that is kept current for quite a number of years. A minimum of seven years is required in there, and many of the claims may be there longer. As I mentioned earlier, one may have an OHIP number with a number of claims, then go on to another job, forget the previous number, make application, and a new OHIP number is assigned. So the claims history for one individual who has an active contract in the "Subscriber administration system," which is shown on the bottom, left corner, may stretch into several previous numbers that same individual has had over a lifetime, sometimes quite frequently over a lifetime; hence the large variation.

There are other, less significant reasons. Patients die and their numbers stay intact on record long after they are not there. But this is a claims reference file; it is not the file from which payments are assessed. It is one of the things we have identified that certainly need cleaning up in the new process. We certainly agree with the auditor's comments that having a history of 25 million subscribers is, at the very least, misleading. From our point of view, looking into the future and trying to plan appropriate allocation of health resources then, not having a valid claim reference file as one way of knowing what the history of use of the system is is a serious impediment.

I believe we have a breakdown actually of the 25 million. Mr. Gibson can give you the exact breakdown of what adds up to the 25 million, if that would be helpful, Mr. Chairman.

Mr. Chairman: Mr. Gibson, would you provide that, please?

Mr. Gibson: I mentioned these are approximations, but as close as we can get, based on factors I will explain to you, approximately nine million records relate to the nine million people who are in the province. Six million records are historical, archival records of inactive participants. They may be inactive because they are now dead or have left the province; or, as the deputy has described, they could be there because they changed jobs and got a new contract or married and got a new contract. But they are not currently a premium-paying contract; they are being held there for the seven-year period.

Approximately 2.5 million are the result of not having a unique identifier. People appear on this file by instatement. If you go to a physician and the claim comes to us and there is a correct contract number and the correct surname, you are then instated in the system on the basis of the first five letters of your given name, your age and your sex, which creates a unique number for you. If the name, age or sex is incorrectly given to us by the doctor, it automatically creates a new record in this claims reference file.

Finally, and I have mentioned this to the Provincial Auditor, there were seven million purged records in this file. All of the information was purged, but to use my own technical term, a slot was left and the numbers were contained in the header record, from which this count was derived. In fact, approximately seven million were just dead slots with nothing in them. They had already been purged, but all of them would have been counted as part of this 25 million because if you count by the numbers of people within each contract, you get a header record and the header record is what is ordinarily counted.

Mr. Pouliot: Thank you, Mr. Gibson. A person can never have more than one number assigned to herself or himself; one person, one number?

Mr. Gibson: That would be under a unique number. Under these circumstances, in this claims reference file you personally could have a number of numbers as a function of getting married and joining your husband's or your wife's good number. On turning 21, you would get a new contract; there would be a completely new record in this file--

Dr. Barkin: Mr. Pouliot has asked two questions. He has asked whether a person could ever have had more than one number. The second question, if I interpret it correctly, is, at any time could a person have two active numbers, two active contracts?

Mr. Pouliot: Right. You should be sitting here, with respect.

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Dr. Barkin: All right, I think I understand your question. The answer to your first question Mr. Gibson has already given, that is, that it is quite possible for the same individual to have had more than one contract number based on their history through the workforce, the number of applications he has made:

The moot question is, is it possible for an individual at the current time to be holding two active OHIP contracts which would both be recognized by the computer as being valid for a single individual, forgetting the rare occasion where somebody may overlap his employment coverage for three months?

Mr. Gibson?

Mr. Gibson: If we were getting double the premium from, say, an individual, it is conceivable that you could have two contract numbers, but highly unlikely.

Mr. Pouliot: We will get to the good faith on premiums later on, to arrive at the pharmacist dispensing drugs under two active numbers.

Mr. Black: If I understood you correctly, Dr. Barkin, we can expect by 1991, if Management Board smiles favourably upon your request, that you will have a new system in place, that you will have made the conversion--

Dr. Barkin: And the entire province will be reregistered.

Mr. Black: Reregistered with a single unique identifier.

Dr. Barkin:: With a single unique identifier and the appropriate technology supporting that unique identifier.

Mr. Black: And we should not anticipate that happening any sooner than 1991?

Dr. Barkin: We have asked the absolute fastest that this could take place. Included in the time frame is the development of the system, the installation of the computers, the parallel running, because you cannot take down the system which is running while you convert to the other, and the actual physical effort of reregistering every person in Ontario within a tightly delimited period of time.

There is a considerable preparation process leading up to that and then the switch-over time, which has to be done with considerable care or we will be no better off than we were for having made the change. We think that two or two and a half years is actually quite a rapid schedule, and we will really be working full out to meet that.

Mr. Black: I appreciate having had it made clear that a good number of those people who are registered are in an inactive file. The figure of 24 million is misleading when, actually--what did you say?--seven million of them are in an inactive file.

Mr. Gibson: They are, in fact, purged records.

Mr. Black:: It makes the picture somewhat different then than we might have originally believed.

Dr. Barkin: The file to look at is the active file of subscribers, the 4.8 million contracts. They represent those who have an active OHIP number for which claims are being paid at this time.

Mr. Black: I know my friend across the room is relieved to hear that as well. He did not say that, but I know.

Mr. Pouliot: The Globe and Mail and Toronto Star will get the right figures tomorrow. I am sorry.

Mr. Smith: I was just going to ask the same question. It should be closer to 17.68 million, not 24.68 million, as far as the way I have heard it described.

Dr. Barkin: If you remove the purged files, yes.

Mr. Chairman: When a lab, such as a hospital lab, submits for a series of tests--somebody is rushed in--the hospital would then assume after the first instance, all other bills after that. If it was an inactive claim, would it?

Dr. Barkin: Hospitals are on global budgets. They do not submit for lab tests.

Mr. Chairman: Even the lab tests themselves are not submitted directly under this plan.

Dr. Barkin: Hospital lab tests are included in the global budget assigned to the hospital. If the hospital provides services which normally are covered under the provincial plan, whether it is an out-of-country or out-of-province individual or a resident of Ontario, that is part of the bad debt factor in the hospitals.

Mr. Chairman: The reason I ask is that the hospital of which I am on the board of directors regularly every year has to allow so much for what we call bad debts. I just wonder how much that actually costs. What are your present procedures in following up and recovering the bad debts, if you want, from either the patient or from--

Dr. Barkin: These are not the bad debts from the hospital; these are from OHIP?

Mr. Chairman: Yes.

Dr. Barkin: I will defer to Mr. Gibson, who handles that also.

Mr. Gibson: Bad debts can come from a number of sources. If the bad debt is from a company which has not paid the premiums, we are fairly rigorous--they are in fact due--in contrast with the pay-direct individual premiums, which are never considered to be a debt when they lapse. In fact, you pay your premiums until you elect not to pay them. It is a permissive system. If you do not pay the premiums, services are cut off subject to the good faith policy; and I am sure somebody will ask about it.

But we do not regard those premiums as a debt. Under the law, they are not a debt. They are a lapsed premium. A person can, at any point, elect not to pay his own premiums. Where there is a third party--an employer--involved, the premiums are due for every month for which they are being collected. It is a different situation.

Mr. Chairman: So if the premium has not been paid by the corporation, you would go after that corporation to recover that debt, assuming that the corporation is still in existence?

Mr. Gibson: We protect the employees and go to the corporation or employer.

Mr. Chairman: In the case where it is an individual, though, who has failed to pay his premium--he has been laid off and just did not get around, after three months, to paying it on his own--you would not attempt to recover that?

Mr. Gibson: It is considered lapsed. The premiums are paid in advance so that three months after his last payment, in the fourth month, his coverage is considered to have lapsed.

Mr. Pouliot: With a large subscriber--by this, I mean a large corporation--what are the specific measures of collection or methodology of collection? How specifically do you go after those people to collect money, to make sure the employees are covered?

Mr. Gibson: We go through all of the conventional methods of collection, but by and large, because of the nature of the payments, unless the company is going under or is thoroughly irresponsible, it is a self-monitoring system because the pressure for an employer to keep employees' coverage in good shape in effect seems to work extremely well in terms of payments to us. But if there is a default, we go through the normal collection processes that are available under the law.

Mr. Pouliot: Is it your impression, therefore, that the good faith system--because if you are not covered, I imagine you are channelled into the good faith system--is working rather well?

Mr. Gibson: I think the system, in so far as the collection of the premiums is concerned, is a self-disciplining system in a way in which other kinds of tax systems perhaps are not. The employees themselves, through their unions and so on, put a great deal of pressure on the employer to submit the premiums. To answer your question, in terms of revenue performance, I think it works extremely well.

Dr. Barkin: If I may, I will just clarify, at the risk of interpreting Mr. Pouliot's question again. I think the good faith policy is one that applies to individuals rather than to employers. It is the individual in the end whose health need is acknowledged without demanding prior verification that the insurance which that individual carries is valid. It may not be the most prudent financial way to run the shop, but it is probably the most humane and concerned way of running the shop.

Mr. Pouliot: It is rather widespread. Records will attest that it is two per cent. I am not the one saying this; with respect, it is out of the auditor's report. According to statistics produced by OHIP head office, your own figures in fact, approximately \$50 million or two per cent of the total claims paid were paid out from claims under the good faith policy.

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Dr. Barkin: That is correct. Of those, I believe 80 per cent were subsequently determined to have been properly covered individuals, the problem being that they made an error in writing down the number and submitting it to us or other technical errors, with about \$8 million or \$10 million of the \$50 million as a residual amount left over. That is, of the \$50 million paid out, subsequent follow-up demonstrates that \$40 million of that ought to have been paid out, and it was a technical error in the claim rather than a failure of coverage of the patient at that time.

Mr. Chairman: Mr. Ballinger has a supplementary, Mr. Pouliot, if you would permit it.

Mr. Ballinger: On that \$10 million, that net loss, what would be the impact of the good faith policy if we do not operate the way you currently are?

Dr. Barkin: The impact of not using the good faith policy? I think there would have to be a fairly substantive bureaucracy in place at the point of service rendering to get a priori confirmation of valid numbers. We would have to exercise penalties on physicians and other claimants discouraging them from accepting patients according to their need. We would end up with a system a little like that in many areas of the United States, where, if you cannot show valid coverage and prove that coverage is valid, service may be withheld.

As I mentioned in my comment, it may not be thought by some to be prudent financial policy; from the point of view of a humane policy and a policy of concern for dealing with the patient's illness first and asking questions of affordability later, that is the policy the government uses in addressing this. That is the reason for the name "the good faith policy."

Mr. Chairman: Any further questions, Mr. Pouliot?

Mr. Pouliot: Yes. For the record, the total expenditure for the Ministry of Health, 1987-88 estimates, is in the order of \$11 billion. I think it represents more than one third of the provincial total, which is surpassing \$30 billion. How much money is collected in OHIP premiums?

Dr. Barkin: I think Mr. Gibson has that exact number.

Mr. Gibson: It is \$1.67 billion, which is approximately 16 per cent of the \$11 billion.

Mr. Pouliot: What is the cost of collecting those premiums?

Mr. Gibson: We have an integrated system based on a manpower factor applied to our total cost. About one third of our 2,000 people and \$75-million budget is the cost of collection, about \$25 million to collect that \$1.67 billion. Also, there is a fair amount of work in forgiving \$1 billion worth of--in fact, there is more work in the premium assistance function than there is in the premium collection function.

Mr. Pouliot: Thank you, Mr. Gibson.

Miss Nicholas: My first question is really just to clarify a point the chairman made. You mentioned that if an individual's premiums have lapsed, so that it is beyond the three-month period, and a claim is made, is it not a general policy of OHIP to provide the person with the opportunity retroactively to pay those premiums so that it may not be considered a bad debt?

Mr. Gibson: May I handle this one, Dr. Barkin?

Dr. Barkin: Please do.

Mr. Gibson: All of our efforts are to get people to get coverage and there is a great deal of work done with hospitals, physicians and providers to do this. Also, in circumstances where problems may arise, frequently those are precisely the circumstances where premium assistance would apply.

When a person incurs medical costs when he is out of coverage, we do not regard that as a debt. It is not, under the law, a debt. All our efforts are to get the coverage up to date.

Miss Nicholas: In terms of the computer system, my concern is not with the numbers of people you have currently in the system but rather perhaps the time it takes for something to go through the system to be checked. For instance, if someone had an appendix out, where would that be in the system the record, the history of this claimant's having his appendix out?

Mr. Gibson: It would be in the claimant's reference file and would be retained for seven years. As I mentioned, part of the \$25 million is the archival records that we keep.

Miss Nicholas: If someone made a claim within the seven years for another appendix to come out, how long would it take to reference that through the file? You have the claim, you put it into the computer and you want to check out how long it is going to take to say either that this person has two appendixes or he has already had that coverage and it is a faulty claim.

Mr. Gibson: I am not sure whether you are talking about the total process or when the doctor gives that to us to when we should pay it.

Miss Nicholas: From the time that you receive it.

Mr. Gibson: From the time we put it into the computer system, it is nanoseconds.

Dr. Barkin: It is an immediate process.

Miss Nicholas: So even though it is a dirty file, you are not having any trouble processing the reference to see whether they have had it before. It is not a slow process in that sense.

Dr. Barkin: It is not a slow process if the information is there. I think where the auditor is correct is that you may have come into that file as J. Smith, number 123456789, and had an appendectomy. The next time that file sees you, you have changed jobs and you are now using Joan Smith as your name.

Joan Smith, in the archive, with a different name and a different number, may not be reachable as we go to check that claim out as having had the appendectomy which was done in the name of J. Smith with the other number. It is in that sense that the archival file is referred to as being dirty. It does not always relate exactly and accurately to the existing subscriber, and there is no way of doing that at this moment until such time as the province is reregistered. There is also no way of totally cleaning up that bad archive. It will still be bad, but over the years that you operate under a reregistered system, the file will gradually become cleaner and our ability to cross-check will become greater.

But to answer your question specifically, if the information is correct and traceable by the number, that is part of that claim's processing stream, which takes fractions of a second to do the check of the fee schedule, the doctor, the subscriber's number, the procedure, that all of the medical rules have been obeyed, that the consultation has not been billed twice, that kind of thing, and to process that claim, which would then be part of the monthly remittance or remittance adjustment that went to that particular practitioner.

Miss Nicholas: So when you go over to this new system and you take these dirty files with you that cannot be cleaned up, then potentially, seven years after the reregistering, those old files which have become antiquated will be gone and it should be cured.

Dr. Barkin: No. Some of them would still be there. When we say seven years, that does not mean we throw them out after seven years. It means that--Mr. Gibson, you had better check me out on this one--there has never been a claim against it for seven years.

Mr. Gibson: If there has been no activity for seven years--

Dr. Barkin: It is purged.

Mr. Gibson: --it is purged. If there is activity and it is co-current, it is maintained.

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Dr. Barkin: Right. So you could have that maintained for 20 or 30 years over the lifetime of an individual. It is only if that particular record was not ever accessed for a seven-year period that it would be purged. That is right, thank you.

Mr. Chairman: Further questions, Mr. Pouliot?

Mr. Pouliot: I am still not quite clear, and at the risk of being interpreted by the distinguished Dr. Barkin, I will risk this.

Mr. Ballinger: That is what you get for being a designated hitter.

Mr. Pouliot: In the event that a subscriber would become aware that he had more than one active OHIP number, what would prevent that person with more than one active number from getting more than one prescription drug, or getting two prescriptions filled under different numbers?

Dr. Barkin: There are a number of factors there. First of all, in order for that subscriber to have two numbers, unless that subscriber were under some form of assistance there would have to be some payment made in order to make that contract valid. So that would be the first thing.

The second thing is, you are referring to prescriptions, and I believe that is a drug benefit plan question. That is a totally different number. A subscriber on the drug benefit plan has his drug benefit number given to him because he is eligible either because he is over 65 and has made application for that number or because he is on some form of social assistance that requires a number to have been granted.

Theoretically, the same problems are possible of duplicate numbers in that area as well, but I do not know the exact nature of that since that is not addressed in this report at all.

Mr. Pouliot: But since you issue cards and numbers, it is more than hypothetical. It does exist.

Dr. Barkin: I cannot argue with that. That is one of the many arguments we have made for moving to a single health number that will cover not only physicians' services but also hospitalization, drug benefits, assistive devices and a variety of other services, precisely for the reasons you have pointed out.

We think that the current computer system and the current numbering system is not foolproof. It is subject to errors of both commission and omission, and given the 81 million or so claims that come through, in fact it is quite surprising that the number of errors on both sides of the ledger are as few as they are.

Mr. Smith: You have made the statement that 81 million claims go through this computer a year. I have noticed that there are--no, no; I am sorry. I was thinking it was 40 million claims from out of province and I was thinking there were too many, but I have misread this quote. It is only 40,000 claims from out of the province or out of the country, out of these 81 million claims.

Mr. Gibson: It is 40,000 for hospitals and 10,000 for medical claims without a hospital involvement.

Mr. Ballinger: Just on the 81 million, is that an increase or is it a decrease? What is happening with that 81 million? How much of an increase is that over last year?

Dr. Barkin: I think that is fairly steadily increasing. We have some of the exact numbers that I can give you.

Mr. Gibson: This current year it would be 93 million.

Dr. Barkin: Yes.

Mr. Ballinger: So that has gone up from about 81 million to--

Mr. Gibson: To 93 million.

Interjection: More than a 12 per cent increase.

Dr. Barkin: Yes.

Mr. Adams: While we are on the topic of the out-of-province payments--

Mr. Chairman: Not just yet, but you are first on my list when we get to it.

Mr. Ballinger: I think they just snuck that one in on us.

Mr. Chairman: Further questions on the computerized system? Mr. Ballinger?

Mr. Ballinger: I guess just a general question. I think most of the discussion has hinged on the proposed new system. What if, under the global budget, it is not in the cards? How will you address that, given the discussion we have had here today?

Dr. Barkin: Exactly as this discussion has led us. We likely will continue to have little holes in the system, because one has to weigh the costs of putting in place manual corections and fail-safes against the safety factor that you get when you do them. We likely will continue to come before this committee with the same kinds of questions you posed today. One year or two years from now, as this equipment gets a little rustier and a little tougher, we run closer to the line of getting some major problems.

Relative to 81 million or 82 million claims, the kinds of problems we have identified and talked about have a potential to be trouble but in actual fact, relative to that, have been at reasonably acceptable levels, I think. However, if we get major equipment breakdowns, if we lose the ability to process that data for any extended period, we will have considerable difficulty with the system. We are dealing with a system which is dying in terms of its life expectancy, in any event, and ought to be replaced and upgraded.

What we are proposing is that instead of replacing it as we have been, a little at a time each year, leaving you with the exact same system, that we try to replace the entire system, synchronous with a reregistration of the province. That would solve a lot of problems with a single go.

Mr. Ballinger: I just asked that question hoping Murray Elston might read Hansard too.

Dr. Barkin: I have that same hope.

Mr. Chairman: I am going to ask Doug Archer to conclude this item by asking whatever questions he feels are relevant at this point.

Mr. Archer: Reference has been made by, I guess, both Dr. Barkin and Mr. Gibson to the bridging from the old system to the new, assuming the new system does get accepted. I wonder whether that is feasible with regard to the claim reference file, whether you would not really be in the situation of starting from scratch with the claim file under the new system and therefore losing all the previous history.

Dr. Barkin: We have not looked at the detail of conversion of a claim reference file. I suspect we will have to build some code into the new system to access a new claim reference file and to cross-check into the old claim reference file, rather than trying to build into a new one. I think that is a technical question some of the systems analysts will have to solve for this, and that is one of the questions which has to be solved before--

Mr. Archer: The intention is to try to bridge rather than start from scratch.

Dr. Barkin: Mr. Gibson, where is our system advice at the moment on this?

Mr. Gibson: Our system advice is that we would build a totally new system and then try to select good data which we can guarantee is the new person's appendix or whatever and put that into the new system, but only when we are convinced that is good data which is being put into the new system, as opposed to a merging of the existing system into a--

Mr. Machen: I think one of the things you would have to weigh in any conversion such as this is, is it more costly to start out with a completely new, fresh file and disregard the old claims history file and perhaps pay for a second appendectomy for Mr. Smith, or something of this nature? Is that more cost-effective than trying to bridge into an old system? Is it going to cost you more money in the long run to bridge into this old system?

Dr. Barkin: I think every one of those questions is exactly what our systems analysts are giving us. They say, "Make your choice." When they make the final presentation to us, they will be giving us those choices and options and exactly what price--

Mr. Machen: --and time.

Mr. Gibson: I do not think we are at liberty to junk everything. There is some information that we have to maintain, under Bill C-34, for example, information about an individual, that we have an obligation to keep for a period--

Mr. Machen: But you may be able to keep that in a separate file.

Mr. Gibson: That is basically the answer I gave in the first instance, that we go for a new file and write a code to be able to access the old one.

Mr. Machen: It certainly would be a lot cleaner and smoother. There is no question.

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Mr. Chairman: Further questions, Mr. Archer?

Mr. Archer: Just one other with regard to the health resources file, the record of the physicians from whom you will accept claims. We pointed out in our report a number of anomalies between the two files, the one maintained by the College of Physicians and Surgeons of Ontario and the one that the plan maintains. You indicated in your response, as I have interpreted it, that you had identified all of the anomalies and they have been corrected, and that you were in the process of working with the college of physicians and surgeons to improve this system of incorporating college registration numbers. I just wondered if you could expand on that, the nature of the arrangement.

Mr. Gibson: In any two files that are maintained by different organizations you are always going to have difficulty in having a precise mirror image at all times. The colleges themselves have been computerizing and updating their own information, sometimes at a different pace from the pace that we were doing.

We have examined some 20 cases--to put it into perspective--out of 18,000 records. Where there were anomalies every single one of them is explained away as a function of either the college's file not being up to date, in the case of the deceased people, or a data entry error creating, for example, two physicians. But that is an ongoing function. As they become more sophisticated, the possibility of us being able to read almost on a mirror image basis will improve considerably.

Mr. Chairman: Supplementary, Mr. Pouliot?

Mr. Pouliot: Yes, thank you. You mentioned, sir, that the verification and review process was an ongoing process. How long has it been in place?

Mr. Gibson: There has always been a correlation, a review between what records the college has and what records we have. It was paper-based, not very efficient and very time-consuming. As they have computerized and we have computerized, gradually this is improving. A form of checking has been in existence since the time it was established.

Mr. Pouliot: But the present system has been in place since what, 1987?

Mr. Gibson: The present system is in the process of being put in place, which will be a growing process. It will evolve over time. At the moment, we are doing periodic checks on, I believe, a monthly basis against the college files. But on an interactive basis, we could tie the two data basis together and do it then.

Mr. Pouliot: One more reason for the new computer. In this case it is very much needed. Thank you.

Mr. Chairman: Seeing no more questioners on the computerized system, I am going to ask Mr. Adams to lead off our questioning on the out-of-province hospital claims system.

Mr. Adams: Thank you very much for bearing me in mind, Mr. Chairman.

I see you have a diagram of the out-of-province claims and payment system there. As a new member, I was really very, very impressed a few weeks ago when someone phoned me from Florida very early in the morning with an emergency there. There is a very simple number that we phone. I have just been trying to look it up. As a result of my phoning this number, someone was stabilized in Miami. They were brought back to Toronto and had a quintuple bypass, I think. It was very impressive and a great relief for me at that time of the night to be able to deal with something.

There are a couple of things about that, as I understand it, from this claims and payment point of view. One is, I guess it minimized the payments we would have in Florida, because the person was brought back and the procedure was performed here. The other is that the problem was in fact one that arose from an Ontario resident who was down there and had a medical problem while on vacation. I can see, by the way, that we should pay for that.

As I understand it from the auditor's report, one of the reasons for the increase in out-of-province payments that you mentioned is people going to the United States for particular procedures. In other words, the problem arises here and they go there for it. Mentioned were alcohol problems, drug-related problems, and, I think, psychiatric problems. Could you comment on that side of the increase?

Dr. Barkin: Yes, I can. The degree to which patients have sought treatment for substance abuse in the United States is a reflection of two things, we think.

First, at the time, was the limited availability of such services in Ontario, which has changed quite considerably over the last two to three years and continues to expand. In fact, there has been an announcement of a further doubling of our substance abuse programs in the province.

Second, a factor we are unable to assess is the wish of some individuals who suffer from substance abuse to seek treatment in an environment where they are more assured of anonymity. I cannot tell you to what degree anonymity-seeking is the driving force as opposed to a failure of availability on the local level.

In terms of the quality of the services that are provided, I have a certain philosophical belief--and I think that is shared by the division of mental health, which deals with substance abuse--that the treatment and rehabilitation of a patient who suffers from substance abuse is not a one-shot

item that one goes for three weeks, six weeks or eight weeks to achieve. One must have in the community where one lives, in order to assure a low rate of recidivism--that is, the rate at which people go back to their previous substance abuse problems--a satisfactory local community support system.

One of the problems with those who seek treatment outside their local area is that they may get over the acute withdrawal phase and have the initiation of treatment, but the ongoing support system--if one takes treatment at the Betty Ford Center in Los Angeles, for example, and then comes back to Toronto--is not available in Toronto as it would be if they lived in that area. So that, I think, is the first factor.

The second factor is a cost factor. As we bring our own community-based programs on line--and we tend to favour community-based programs; we have accentuated those and will continue to accentuate those--they are far less expensive than the Ontario institutionally based programs, which deal with certain forms of substance abuse and the need to monitor withdrawal in a medically supervised environment. When we compare the cost of those and what we pay for non-Ontario-based services, we pay 75 per cent, roughly, of US-based claims. They are coming out roughly even. Notwithstanding the fact that the dollar cost is not any different here or there, we would prefer to have the capacity here sufficient to treat Ontario residents, and we are quickly moving in that direction.

Mr. Adams: Is the system at the moment--or perhaps as you say, the new system--such that you could monitor such things from the medical or service point of view? Let us say a new disease appears. For quite a time, it might be much more economical for the patient to go to the United States, for example, where the service already exists. At some point as the demand increases, what you say is right and our services should click in. Can you do that now?

Dr. Barkin: We cannot do that now except on a manual basis. I think your point is very well taken.

The example that comes to my mind that followed that route was liver transplantation. In the very beginning of liver transplantation, when only a few centres did them, Ontario residents who required such treatment had arrangements made for them to go to centres in Boston and Pittsburgh, as I can recall, and I think there were a few other centres. Chicago was another centre.

As soon as the system ought to have clicked in in Ontario, as you phrased it, it clicked in first at the University of Western Ontario--multi-organ transplant--and then as the system gears itself up, the University of Toronto program would click in. That is the kind of system you are talking about, and that is definitely in place.

I must also say in defence of my own colleagues in Canada that it does not always work US first, Canada second. In the area of lung transplants, both single and double, as you are aware, it was Toronto first. The very first double-lung transplants in the world were done here. Patients came up here from the United States, and it gradually will click in down there. These kinds of treatments, I guess, are international in scope; they are not national in their nature.

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Mr. Pouliot: Are psychiatric patients who are getting treatment out of the province treated differently from patients under other care, who are

really expected to return as quickly as possible or, if you wish, as quickly as they can possibly do so? Is there a difference between psychiatric treatment--

Dr. Barkin: I think there is not a difference in the attitude to psychiatric treatment; I think there is a fundamental difference in the nature of the disease process. Many of the diseases, if they have to be treated out of province, are diseases which I as a surgeon would classify as acute interventive diseases. You go, you have them done, whether they had to be done because they happened while you were there or you went there specifically, they have a delimited recovery period and you can generally return home.

Some of the psychiatric illnesses, particularly post-head-injury problems, are not that clearly delimited in their natural history. There is not a clear "catch 'em, cure 'em, discharge 'em" type of sequence of events that takes place. I think Mr. Gibson can give you some further details on that.

Mr. Gibson: In terms of long-term psychiatric care, we have relatively few such patients now, about one tenth of what there was eight years ago. I think the only circumstances under which we would authorize that kind of treatment outside of the province is if we are advised by medical practitioners dealing with the patient that there clearly and really is no suitable treatment facility in Ontario for that particular patient.

Generally, where one or two physicians are advising that they have tried a number of different centres and a number of different methodologies but that there is something available in a particular facility in the United States, under those circumstances we would approve a long-term stay outside of the country.

Mr. Pouliot: You will be most familiar, therefore, with the two following cases. In one case, the records show that from 1972 to 1986--that is, a period of 14 years--OHIP spent in excess of \$500,000 for treatment elsewhere, supposedly--well, we have to believe--because suitable treatment was not available in Ontario. There is also a second one, which is still an active claim. This patient has been in the United States since 1979, still costing \$7,200 monthly, and the cost so far has been in excess of \$520,000.

Mind you, perhaps those are catastrophic cases or very high by reason or virtue of being very costly, but we have two people, over a long period of time by any standards, who have cost the taxpayers of this province more than \$1.2 million because we assume that there is no suitable treatment in Ontario.

Mr. Gibson: That is a cost, apart from the sunk cost of the institutional brick and mortar, which would have been borne in Ontario to a degree.

Mr. Pouliot: But, by and large, those institutions are profit-motivated, are they not?

Mr. Gibson: They are. In those cases, it is always extremely difficult to repatriate a patient who is under those circumstances. When I tell you that eight years ago there were 60 long-term patients and there are now six, you really cannot cut off each one of those unless you are satisfied that alternative, suitable arrangements for that patient are available in Ontario.

Dr. Barkin: This is a medical catch-22 which I will answer from the medical point of view. That is, the immediate question which arises when you

go to repatriate a psychiatric patient--that is why I said the nature of the disease is somewhat different--is, will that patient deteriorate as a result of the process of relocation from where that patient is now to where that patient is likely to be placed? In the case of psychiatric patients--and I think your question is quite moot because it applies only to psychiatric patients--the dependent state of a psychiatric patient who has a chronic psychiatric condition is very much dependent on the relationships which that patient has been able to create over that period of time.

The longer the patient is in that environment, the more difficult it is for the OHIP official or a physician-expert we might consult in Canada to be able to declare, "I can state without equivocation that this patient will not deteriorate as a result of being moved from the environment in which he now finds himself to an environment which objectively is as appropriate, but subjectively, from the point of view of that patient, may not be."

I think it has been a long and difficult process, because I asked the same question myself for years, to get the number of patients down to just six from where it was. I think it will be just as difficult to deal with even the last six patients in that list, because at any point that you wish to move them, you will have to answer the medical and the family's criticism that the act of moving will make that patient worse.

Mr. Chairman: Mr. Pouliot, I will put you back on the list, but there is a difference between a supplementary and a whole round of questioning, so I will allow Mr. Black to have the floor.

Mr. Black: I am glad you raised that point, Mr. Chairman. I was just going to raise it with Mr. Pouliot.

Mr. Chairman: I prefer to raise it than have points of order.

Mr. Black: If we could return to substance abuse for just a minute, Dr. Barkin, if I understood you correctly, what I heard you say was that the rate of recidivism for community-based programs is lower than for programs for people who are institutionalized.

Dr. Barkin: That is not quite what I said. What I said was that the rate of recidivism is less if there is continuing community-based support, regardless of where the treatment commenced, whether it started in an institution or started in the community.

In many instances, the treatment must commence in an institutional setting because the process of withdrawal and physical reactions that will take place in some forms of substance abuse simply cannot take place in a community setting. It must take place in a well-regulated, therapeutic environment.

The second factor is that many patients have an associated physical illness as a concomitant of their substance abuse. They may have associated infections or they may have associated severe disease of either lung and/or liver that requires concomitant treatment.

In some instances, the first phase of treatment of a patient with substance abuse must be institutionally based. In many instances, it can take place in a less institutional environment. It can take place, for example, in a residential treatment environment.

In most of the environments, one tries to get as good a match between the nature of the patient's substance abuse and the ravages that have already occurred and the right base of the program to start him. There are certain philosophical differences from one program to another, but those are the primary driving indications.

Mr. Black: Thank you for that clarification. Given that situation then, and I believe you made the statement that we are striving to improve our community support programs in Ontario--

Dr. Barkin: Yes.

Mr. Black: --do you foresee in the not-too-distant future when, from the point of view of the welfare of the patient and the point of view of medical costs, we will be able to encourage people to seek both the initial and the follow-up treatment here at home?

Dr. Barkin: I am absolutely certain of that. In fact, I am confident that as our own spectrum of programs increases in Ontario and there is a choice spread throughout Ontario--and I mentioned the anonymity factor; it becomes a significant factor--there may be other places within Ontario that are equally accessible to places in the United States.

Mr. Black: Thank you very much.

Mr. Chairman: Mr. Pouliot.

Mr. Pouliot: Thank you. What controls are in place at the present time to make sure that psychiatric patients or people needing counselling or treatment under drug and alcohol do not seek treatment in the US when suitable treatment is available in Ontario?

Dr. Barkin: I am not sure I understood the question. Is the question whether we exert a control on an individual patient as to where he may go or where he may choose to be treated?

Mr. Pouliot: What a coincidence; I am not sure of the answer. What I am saying is, you have A, who seeks counselling from his doctor and goes to the US for treatment. Supposedly they are better or more specialized, whatever. What I am asking is, what control do you have to stop the patient, or to interfere, or to influence a patient not to go to the US when you have "comparatively suitable treatments" available here?

Dr. Barkin: There are no direct controls. There is an indirect economic control in that we do not pay the full cost for treatment in the United States; we only pay 75 per cent of the cost of treatment. So there is an economic deterrent on patients who seek treatment in the United States. We pay the full cost of that treatment if it is given in Ontario.

1530

Mr. Pouliot: What you are saying is that you have no control.

Dr. Barkin: No. What I am saying is that there is an economic deterrent to seeking treatment in the United States, since one would have to pay a portion of the treatment.

Mr. Pouliot: You still pay 75 cents on the dollar, but the onus, if I get you right, is on the client paying 25 per cent and, therefore, this

should be deterrent enough or control enough; the 25 per cent difference would force someone seek comparative or suitable treatment in Ontario.

Dr. Barkin: I think that is what I said, yes.

Mr. Pouliot: What about the 75 per cent that you pay? You have no control.

Dr. Barkin: I am not sure I understand. Malcolm, do you want to--

Mr. Gibson: In fact, we have no controls, no pre-authorization for people to seek that treatment.

Mr. Pouliot: You have a responsibility for someone to pay 75 cents on the dollar.

Mr. Gibson: I think one of the issues is the quality of treatment issue. If you want to go to the United States on an elective basis for any condition whatsoever, we pay 75 per cent, and it would be a question of why and under what circumstances we would feel that it was justified in saying, for this kind of treatment, you have to pass through loops. You may very well have to at some time in the future, but at this point we do not have those loops. I think we might be criticized.

Mr. Ballinger: Is it based on Canadian or US dollars?

Mr. Gibson: Based on the US dollar, 75 per cent of the US dollar.

Dr. Barkin: Which at the moment is about the same in Canadian dollars as the same treatment cost given in Ontario institutions of like amount.

As I mentioned before, I think there was an argument, and could be given an argument in the early 1980s, about there being insufficient capacity in the Ontario system as one of the factors to this. I think that, as the system expands--and I think it has doubled in the last three years and is likely to double again in the next three--that capacity will certainly be there.

I also am aware that the number of patients seeking assistance from substance abuse programs is increasing, not because substance abuse by itself is increasing, although that may be the case, but because I think that we have now created an environment where patients are being welcomed and encouraged into such programs, whereas before there was considerable stigma associated with even the entry into a substance abuse program.

We have participated with and assisted in the funding, for example, of a massive advertising campaign carried out by the Canadian Mental Health Association in order to assist in removing the stigma of mental illness from society generally. We have a great deal more to do in that area, but generally speaking, the results are expressing themselves, I think, in a very healthy way. People who ought to seek treatment are now seeking that treatment and getting it in greater numbers than they ever did before.

Mr. Chairman: Are there further questions from the committee? The auditor informs me that he has no further questions on this item.

Dr. Barkin, I trust that your first appearance before the committee has not been too painful.

Dr. Barkin: Not at all, thank you very much. The questions have been excellent.

Mr. Chairman: Thank you for your answers, and we will see you again tomorrow morning at 10 o'clock.

The committee adjourned at 3:35 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF HEALTH

WEDNESDAY, FEBRUARY 17, 1988

Morning Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
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Fawcett, Joan M. (Northumberland L)
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Pope, Alan W. (Cochrane South PC)
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Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mr. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
O'Neill, Yvonne (Ottawa-Rideau L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Peall, Gary R., Director, General Government Branch

From the Ministry of Health:

Barkin, Dr. Martin, Deputy Minister
Corder, David W., Assistant Deputy Minister, Mental Health
Firestone, Theresa, Acting Director, Mental Health Operations Branch
Mauro, Debi, Director, Community Mental Health Branch

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, February 17, 1988

The committee met at 10:06 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF HEALTH
(continued)

Mr. Chairman: I recognize a quorum. Before we start, I will remind the committee and some of our visitors that this committee at its initial meeting declared itself to be nonsmoking by unanimous vote of the committee and therefore we would appreciate that there be no smoking in the committee room. It is kind of appropriate that I mention that when the Deputy Minister of Health is before us.

We are on section 4.9 of the Provincial Auditor's report. I should ask Dr. Barkin for some antibiotics so that I can carry through the day. If my voice goes, Mr. Pouliot is going to have to take over.

We have with us Dr. Martin Barkin, deputy minister; David Corder, assistant deputy minister of mental health; Theresa Firestone, mental health operations branch; Debi Mauro, director, community mental health branch; and Yale Drazin, director, mental health planning branch.

As you know, Dr. Barkin, feel free to call on any others who may be in the audience who may be of assistance in answering any question at any time, as long as you identify them and they take a microphone.

The members have been briefed on this section by the Provincial Auditor and by research staff for the committee. Dr. Barkin, do you have any opening comments on this particular matter?

Dr. Barkin: Yes, I do, Mr. Chairman, thank you very much. Once again, thanks to your committee. Yesterday was an interesting exchange, and I am sure it will continue to be so today.

I reiterate my opening comment of yesterday. It is now four months and 11 days that I have had the job of Deputy Minister of Health and also four months and 11 days since I entered the Ontario public service. The areas which will be under scrutiny in terms of the auditor's report itself will be more familiar to the people who are with me. I will defer to them to answer some of the specific questions.

I do, however, wish to make a couple of general comments on this particular section of the report that will be different from the comments I made yesterday with respect to the Ontario health insurance plan. In this instance, I think the auditor has carried out the true mandate of a comprehensive audit; that is, to look at the effectiveness of a program in addition to the efficiency with which and the monitoring of which the actual dollars are spent on the program.

I should state at the outset that one of the first mandates given to me by the minister was to examine the entire scope of mental health programs in Ontario and to develop both within the ministry and for the minister an agenda for altering those and making them more effective. That admission by itself, I think, is a corroboration of the fact that no one is satisfied with the mental health scope and comprehensiveness of the mental health programs that are now available in the province.

We have some reason to be pleased that the directions taken are appropriate and that they are better than they were five or 10 years ago. Notwithstanding any comments we may make from this point on, I do not want to leave the committee with the impression that we regard the state of affairs that exists in mental health care in the province as optimal at this time.

We would be prepared, in answering the questions, not only to answer the questions specifically about the auditor's report and some of that which is pointed out in his very comprehensive analysis of the state of affairs in 1986-87, but also, if the committee so wishes, to enter into discussions on the entire subject matter that is before you today, including contemplated future directions and how they might evolve.

That concludes my opening comments. We are quite ready to get on with the questioning.

Mr. Chairman: Mr. Archer, do you have any opening comments to make before members start questioning?

Mr. Archer: Nothing further, Mr. Chairman.

Mr. Chairman: Are there any questions?

Mr. Adams: As you know, Dr. Barkin, we had quite an extensive briefing on this. As I see it, there has been quite a move towards community-based mental health services. If I think about that, I imagine the psychiatric institutions are being empty--that is one thing--and people are being moved into the community. But I assume also that there must be a change in the roles of the psychiatric institutions and of the regular hospitals with respect to mental health services in order that they can deal with the people who are in the community. I wonder if you could address that for both the general hospitals and the psychiatric institutions.

Dr. Barkin: I would be pleased to answer that. The question relates to the interaction among the various components of the system--the community-based system, the general hospital system and the psychiatric hospital system. One of the important things that was emphasized in the Evans health review panel, and which is one of the hallmarks of the great scaffolding we have put up in redesigning the structure of the Ministry of Health from an organizational point of view, is to emphasize two things--the integration of community-based services with institutional services and the integration of support systems for the individual as well as for the community-based system.

With that bit of background information, I think the answer to your question can come in a number of arenas. It is typified by a couple of pilot programs that the Ministry of Health undertook in the Whitby area and North Bay area and that really need to be extended beyond those.

First, beyond a shadow of a doubt, there is a role for the provincial hospital system, and we are beginning to see some of that role crystallize. Some of the more difficult to manage patients, some of the highly specialized units, some of the more long term requirements would be well met within the provincial psychiatric system with some adjustment to the way it now copes.

It cannot function in a vacuum because there is a crisis intervention system, which involves the acute general hospital resources available to the ministry, that must be available and well distributed throughout the province, not simply in the catch basin of Whitby or any of the other provincial psychiatric hospitals. With the exception of those two pilot programs, we are not satisfied that system is sufficiently well integrated with the provincial psychiatric hospital system.

The final component which you have identified is the community-based system, which is not a single system. I mentioned individual health, and community health is the third major area that concerns the Ministry of Health at this time, that is, the interaction and role of sister ministries with the Ministry of Health in facilitating the community-based support system.

The final part of my answer to your question is that there ought to be within the network, as there is developing in that Whitby pilot, the ability for patients to move through the system as their state alters. There are times when patients ought to be in their own community and assisted by the community support system, there are times when patients may have to be in an acute crisis intervention mode at an acute hospital and there are times when the provincial psychiatric hospitals would be able to play a very specific role. The main thing is to develop a continuum of movement between those and to avoid some of the isolation that has attracted considerable criticism in the past and, I think, continues to attract some criticism today.

Mr. Pouliot: I have some questions regarding personnel. Welcome back. You pay us the compliment of a visit. We had a frank exchange yesterday, and certainly the same style and method of approach shall continue.

At the risk of sounding parochial, we have had problems with mental health in the remote parts of Ontario. Some communities or some people are less fortunate. They do not have access to community expertise. They are, in some cases, institutionalized and then they go back to their community. They go from substandard service, nevertheless, in those institutions, to no service or very embryonic, very little, certainly far from sufficient service.

What is the ministry's recruitment program? What are you doing both to attract expertise and to retain the people? Do you have a program with some innovation, some imagination, to satisfy the needs of that special part of Ontario?

Dr. Barkin: In order to answer your question, I will have to define the expertise because I think the expertise is not just psychiatric expertise, although I will address that. The expertise has to do with a broad spectrum, as I indicated in my answer to Mr. Adams, of health care workers who can deal with a patient throughout the spectrum of the problem from the point of early recognition and beyond.

To deal with the specific thing of the psychiatrists, there are two aspects that we have already addressed in that area. We have the special program run in the Ministry of Health by Dr. Copeman, the so-called

underserviced area program, which has assisted in recruitment. It has not been as perfect as it ought to be because, in the area of psychiatry, it is not enough to simply recruit somebody who has a degree in psychiatry and drop him into some of our northern areas. I discovered that quite clearly in my most recent visit to Timmins.

For psychiatric support to be effective, it is absolutely essential that there be an understanding of the local culture and the local language. Expertise by itself is insufficient since, when one deals with one's psychological state, the ability to communicate in one's cultural milieu is as important a part of the analysis of the case as simply having somebody who is an expert in psychiatric diagnosis.

1020

We had brought together from across the province, for example, a number of child psychiatrists to deal with the issue of early detection of disturbed behaviour. Dr. Ward, who is an example of a psychiatrist we fund on a salary basis in order to supplement the usual way psychiatrists are funded to be in the north--and he is stationed in Moosonee--gave us considerable insights into that.

Let me leave for a moment the issue of psychiatrists per se and move on to the field of the other health care workers. There is a need, both in the area of children and in adults, not only to comprehensively develop other workers and health care resources in the north, but to focus in on a very specific targeted population. We have already identified targeted populations and targeted areas. I think Debi, who is with me, can speak for some of the specific announcements that have already taken place in that area. I can give you an indication of where we are heading.

We have targeted very heavily in the north, particularly among the native population, at their request--and I have met with them--the issue of suicide in the youth, and we have recently indicated that we will support self-help programs in that area that are operated by the native bands themselves with the support of external expertise. I met with the Ojibway in the northwest on that one about two weeks ago.

We have targeted substance abuse, which I addressed briefly last year, as another area to specifically address. If you want further information, I can get Debi to give you these very specific programs. Do you want to go down those?

Mr. Pouliot: I have just a general question on behalf of people in our riding. I represent a riding that has some 18 per cent Ojibway and 1.5 or two per cent Cree. We extend all the way to Hudson Bay. We have 114,000 square miles.

If I may, by way of a supplementary, vividly point out that Mr. Archer, in his report, points out--still today, I would imagine--you have one psychiatrist for--psychiatre. Same fellow?

Dr Barkin: C'est la même chose.

M. Pouliot: C'est la même chose, oui. Plus ça change, plus c'est la même chose.

Dr. Barkin: Oui, c'est vrai.

Mr. Pouliot: We have one psychiatrist for every 80 beds in Thunder Bay and one for every 17 in Queen Street Mental Health Centre, which, of course, obviously, I am not familiar with. There is, one would term it, a discrepancy of the highest order. When we talk about discrepancy, we readily acquiesce that from time to time, depending on region, depending--you are so right--on cultural background--first, not all factors are equal--there will be a difference. But this is astounding when there is one per 17 in terms of the Queen Street Mental Health Centre, and Thunder Bay--and not only in terms of Thunder Bay--being the service centre, a sort of mecca.

When it comes to the region of northwestern Ontario and at times northeastern Ontario, you have one for every 80 people, notwithstanding the language barrier. I am sure you have visited. You are talking in terms of a dungeon-like situation. I visited that institution. It resembles the 1920s. With respect, and I know you are heading in the right direction and you are doing well, I want to know specifically what programs you have undertaken to bridge the gap between other mental institutions in the province and the situation in northern Ontario.

I am talking about nuts and bolts. What are you doing specifically?

Dr. Barkin: I will ask Mr. Corder, if you do not mind, to answer for the program initiatives since 1986-87, and I will carry on from that to intentions for the future.

Mr. Corder: I think it is important to indicate up front that it is difficult to get professional staff in some of the outlying communities. Particularly in Thunder Bay psychiatric hospital and North Bay Psychiatric Hospital, we have had difficulty in recruiting psychiatrists and other mental health care workers.

If you compare the one to 80 you referred to and the one to 17, I admit that is the fact. The action we have taken to date I will let Mrs. Firestone outline in detail, but I will give you the skeleton we have worked on.

One of the problems we identified in dealing with the recruitment issue was the fact that professionals did not view their work in a provincial setting as necessarily good in the context of their own careers. They thought it was second class. They did not view the type of care that went on as being state of the art. Therefore, we set out to undertake negotiations with the health science centres and set up affiliations with them to try to get their expertise, to get their professors, to get residency programs to go into these particular hospitals.

To date, we have an affiliation in those northern hospitals with two health science centres, namely, Ottawa and the University of Western Ontario. We also have a loose affiliation with McMaster University through the Lakehead Psychiatric Hospital. In addition to those initiatives, we have had meetings with the Royal College of Physicians and Surgeons of Canada, the College of Physicians and Surgeons of Ontario, to look at the whole issue of how licensure is handled in Ontario and what might be done in the context of encouraging people eligible for licensure in Ontario to move out into that type of setting.

The other thing we have done is to have meetings with the heads of departments of psychiatry at the universities to try to introduce into their teaching programs the notion of community psychiatry in the urban setting to

see if they cannot influence the way the graduates of these programs view the type of work we offer them in these hospitals you have identified in northern Ontario.

The issue of recruitment into the provincial psychiatric hospital system is difficult in northern Ontario, but the same problems exist in other psychiatric hospitals and it really does relate to the type of care and the peer type of work that is carried on there from a professional point of view. I do believe we have made major inroads in improving that. While we have not been as successful as we would like to have been, I can indicate that we have recruited over 40 psychiatrists into the system in the past few years. We need more, but we have really, I think, got the building blocks in place where we can make some movement.

Mrs. Firestone, is there anything you want to add to that?

Mrs. Firestone: The problems are twofold, both retention and recruitment. About a year and a half ago, together with the medical directors of the psychiatric hospitals and with the ministry's human resources area, we looked at setting up a working group to look at why we were having difficulty attracting and why we were losing people. With the medical directors, we set up a working group. We asked specifically that the medical director from Lakehead Psychiatric Hospital be part of that. They, at that time, were experiencing some severe difficulties, as well as Brockville, St. Thomas and London.

What we managed to do from that working group was to sort out some of the reasons people were leaving and to look at the numbers that would need to be brought into the system. Those results were shared at a symposium in November with all of the hospital administrators, medical directors, representatives from health science centres and the Royal College and the College of Physicians and Surgeons.

In a follow-up to that, we had a meeting with all the heads of the health science centres and with the psychiatrists in chief at the Ontario Psychiatric Association convention a couple of weeks ago. To follow up to that, we have had another meeting with both colleges and we will be setting up a task force to look specifically at ways to continue to recruit for those vacancies.

Mr. Chairman: Mr. Pouliot, Mr. Jackson has a supplementary, if you will permit it.

1030

Mr. Jackson: In the whole line of questioning, I am not really hearing anything in terms of the collective bargaining process for the people in question. The recruitment and retention seem to be equally important, so retention is a function of compensation.

Enlighten me, please, or refresh my memory. My understanding is that we negotiate with these groups of provincial employees somewhat differently than we do with other medical professionals. They do not have an independent arbitration process and, ultimately, the cabinet or the minister decides their compensation. If there is any form of mediation or arbitration, it is basically done by the minister and he has the final say.

Could you correct me or help me as to exactly how that works? If it is OK, if you will accept that as a supplementary, I would like to pursue the compensation end of this.

Dr. Barkin: Dave, do you want to speak to the way things are? If you do not mind, Mr. Jackson, I will ask Mr. Corder to speak to the way the system operates now and then I will deal with a report that has just been received--actually, it just came on my desk last night--dealing with that particular process.

Mr. Jackson: The reason I ask you is that there are only three members of this committee, or four members including the chair, who are familiar with the impasse and difficulties that occurred within the last three years. There are sufficient new members who might appreciate a brief examination, because the auditor did not dwell very much on the arbitration process for this group.

Dr. Barkin: I will ask David to carry us through to the point of the commissioning of Mr. Weiler, and then I will deal with the Weiler issue.

Mr. Corder: Some of the events I will refer to occurred before my time, but I will try to be as historically accurate as I can be.

Mr. Jackson: We are out of here at 12; you appreciate that.

Mr. Corder: I will not take that long.

It is my understanding that five or six years ago there was an unofficial process put in place whereby there was a fact-finder process permitted between government representatives and representatives of the physicians working in the provincial psychiatric hospitals and the developmentally handicapped facilities across the province. I understand that in the deliberations of that committee, each year or year and a half that it met, it developed its own terms of reference and its discussions were based on those terms of reference, but the committee had no standing insofar as its advice had to be taken. It was advice that the government could take or modify or not take.

The last round was based on that same type of model and the discussions centred on the establishment of terms of reference for those discussions. This time around there was a tremendous amount of emphasis, not so much on the compensation package as on the process whereby the compensation package could be discussed, namely, the psychiatrists in the provincial system wanted to have some mechanism that was like a bargaining process, that had some status and the government had to listen and implement.

The discussions became interesting, shall I say, and you know the result was some work action because there was a resolution. Prior to that work action, there was a fact-finder appointed, John Wilson. He provided a report, and after that report was received by the government and before it was acted upon, we entered into some very difficult discussions which resulted in that job action.

It resulted in further representation being made by the group of physicians regarding a bargaining process. The fact that they wanted a binding arbitration process gave rise to Weiler being appointed, because the government recognized that to treat this one group of professionals

differently from other professions, one had to approach that in a very systematic way and one had to know what one was doing in trying to address that issue. That resulted in Weiler.

Dr. Barkin will talk about what has happened since that time. However, I think it is recognized that, because the issues are not yet resolved, there has been no change in the compensation to those physicians for the past two and a half years.

Mr. Jackson: If I may continue that line of questioning--

Mr. Chairman: It is a supplementary. I will give you one more, but only with Mr. Pouliot's permission.

Mr. Jackson: Have you got it stacked, or do I have Mr. Pouliot's permission?

Mr. Chairman: The normal procedure is with the questioner's permission.

Mr. Jackson: That is what I was asking.

Mr. Chairman: Either that or I can put you on the list. There is no one else on the list. You will be next in line if you want to be the next speaker.

Mr. Pouliot: With respect to my good friend, who feels under siege, I have one last question and I will be finished.

Mr. Jackson: OK. I will be patient.

Mr. Pouliot: In terms of the morale, it is a well-known fact that the morale in mental health institutions is lower than in general institutions. There is a sort of feeling or sense of hopelessness. In our communicating with people who are employed, they feel that the morale is low partly on account of low pay, high turnover and, in some parts of Ontario, a high degree of readmission rate, if you wish. It is not one but many factors. They also are not certain that the Ministry of Health has any scope to improve their working conditions or pay. I would welcome your comments on this.

Dr. Barkin: First, I would agree that there is a morale problem. My own analysis of the situation would confirm that. As I indicated, the minister, expressing her own interest in the area, asked me to take a special look at this in the first few months.

The first area I looked at was absenteeism, both at the management levels and at the worker levels, in the provincial psychiatric hospitals. That, to me, as the sort of highest-level manager, is one of the first indicators I would get, before actually even talking to anyone, that there is a morale problem occurring. It is not exclusive to the rank and file, but there is a similar absenteeism pattern at the management levels as well.

Following that delineation, I met with several representatives of both the administrators of the psychiatric hospitals and the psychiatrists in the psychiatric hospitals, who were accompanied by a representative of the Ontario Medical Association, and tried to review their concerns.

My first impression was that they would have expressed concern over the physical facilities, which are very old, some of them well in need of repair. The Provincial Auditor has made many annotations in that regard. They alluded to the exact things which you just did, Mr. Pouliot; that is, the nature of the patient population and a feeling of frustration about their ability to interact with that patient population in as productive a way as they feel their professional status should allow them to do.

The provincial psychiatric hospitals, again as the auditor has pointed out, are attracting, as our general hospital-based systems and community-based systems do become more effective--and they are becoming more effective--the most difficult to manage cases. Those are now finding themselves in the provincial psychiatric setting. These are frustrating cases for the physicians. They are sometimes very ungratifying patients to treat in the sense that their ability to respond to treatment is just not the same as that of the kinds of patients physicians see in general hospitals. In some cases, the patients themselves are threatened. They are unaccounted for, and unpredictable, violent behaviour can sometimes be frightening.

It is no secret that many of the psychiatrists are very disturbed at what they regard as the unduly restrictive mental health legislation which has prohibited psychiatrists from prescribing treatments that they think are appropriate. On the other hand, we understand the reasons behind that legislation and the need to protect the patients' rights, in balance with the professional interests of psychiatrists and some of the concerns of the families.

1040

From my interviews, that has turned out to be one of the most difficult and contentious areas, for which I think a great deal more thought is required. I do not have any easy answers to that one right now, but I certainly understand the problem and I agree with your analysis of it. It has to do primarily with the professional relationship with the patients.

I must go back to complete the answer to a question you had on recruitment and retention because you asked about initiatives in that area. I think the final initiative in the area cannot start at the point at which you recruit or retain a psychiatrist who is already in place and who has already completed his training.

We are now working with the Ministry of Colleges and Universities and with Rémy Beauregard, who is the official from the office of francophone affairs, to develop the kind of recruitment, at the level of medical schools and of the professional schools, of people from the north with that cultural background who can then return to their home of residence and provide care. I do not think we will ever have a successful program of care for communities that are unique linguistically and culturally unless people from those communities are trained in the professions to treat people from the communities from which they originate.

Mr. Pouliot: I want to welcome the initiative of the minister--be it a matter of record--for allowing people a chance to have a ticket out of the north in many instances. I am not going to deal, Mr. Chairman--we do not have the time, nor is it our specific mandate--with the cartel of the College of Physicians and Surgeons of Ontario when it comes time to realize and to permit more people to enter the medical profession. We have a school system and a

university system. We are only too familiar with this kind of endeavour. I am not quite satisfied with the way it has been pursued. With all good intentions, you have a problem not only with psychiatrists but also with low pay and substandard working conditions in the mental health institutions. That is the real key to attracting and retaining people. I am not talking in terms of psychiatrists; I am talking in terms of more than 50 per cent of nurses, when you take a look at the overall staff.

Mr. Jackson: I have a question and comment to the auditor. On page 79, you make basically your strongest statements with respect to compensation. Yet am I to understand that your reference to the manner in which this group negotiates with the provincial government, which is their employer, is limited to your statement of less attractive compensation arrangements? Are there any other references you have? Am I to interpret that this is the only treatment you gave the issue of how they are compensated, or was that within your mandate to observe as an item which is material to the audit?

Mr. Archer: We could have outlined the system, as you have elicited this morning, but we would not have commented as to whether that was right or wrong. I think we would be accused of getting into policy. Actually, the objective of the audit was not really to pursue that area.

Mr. Jackson: Would it have been an observable event and not a value statement on your part to state that the current negotiating system is contributing to the levels of compensation?

Mr. Archer: We could make that type of statement, yes.

Mr. Jackson: Are you willing to make that statement now?

Mr. Archer: If the situation is as described this morning, since we did not look into that and determine the system ourselves at the time of the audit, then I would say yes.

Mr. Jackson: With respect to a comment about the auditing process, I think your reference to the circumstances is to the credit of the auditing profession, which is sometimes considered sort of numeric by nature only, and I will quote it for Hansard:

"Under these conditions, which have adversely affected patient care, the level of dedication displayed by staff was remarkable." I want to thank you for recognizing that of the staff under the circumstances in which they are operating.

Having said that, I would like to ask the ministry a question. Are your efforts as a ministry to address this limited to the Weiler report, or are you limiting your activities to a sort of public relations approach to the colleges with respect to conveying a more positive approach to a career in this field?

I listened intently to Mrs. Firestone, but in fairness, having done a lot of collective bargaining in my day, really the solution lies with our assisting these individuals to reach a fairer level of compensation. The figures that I looked at in the numerous presentations that were made to my caucus and to all caucuses, for that matter, showed gaps in the order of \$40,000, \$50,000 and \$60,000 between the private sector experience and working in an institution. That is a significant gap and one that is of concern to all members of this committee.

Can you be more clear with respect to the direction that the minister has given you, or are you involved at all in this? Is it really just a labour issue? I am very anxious to get a more clear thought. This is a very significant statement in the auditor's report. We have now heard, perhaps even more clearly, a position from the auditor in terms of his assessment. Can you comment on that for us, please?

Dr. Barkin: Yes, I would be pleased to. There is no question there are a lot of differences between private practice in psychiatry and hospital practice. They are about as big as the difference between private practice in medicine and being a Deputy minister of Health, I might add.

Mr. Jackson:: I think you are underpaid as well, quite frankly.

Dr. Barkin: However, I think that in the instance of the psychiatrist that I met, although compensation, pure monetary compensation, was certainly an issue, there was more than simply the dollars. They were not as concerned over the dollars as they were over their professional status among their peers, their personal gratification in the practice of psychiatry. There were a number of measures that were taken quite quickly to correct that. At the time that the Weiler process was put in place, there was immediate recognition of the need, for example, for professional enrichment programs, travel grants to go to meetings and that kind of thing. We put that in place. The ministry put that in place before I got there. I sign the requisitions off now as they come through. In my meeting with Dr. Deadman and his people, they regarded that as an extremely positive move in the last 12 months.

The second major thing was the targeting for making sure that every psychiatric hospital--and I think all but one, and one is in process now, have now achieved that status--has an affiliation with an academic health science centre. There is movement and cross-fertilization between the academic health science centre and the psychiatrist working in the hospital. That has had, I think, a double effect. It has improved the self-regard that the psychiatrists have in the provincial psychiatric system when that affiliation and interaction takes place.

Second, the affiliation of academic health science centres always has a salutary effect on the quality of care that is administered to patients. That is simply because the teaching process by itself demands a very high degree of diligence to what one does and what one teaches at the same time.

Our view is that yes, compensation is a factor and it will be addressed. I quickly scanned Mr. Weiler's report last night. It is quite thick, and I just got it last night. He has not presented to us, as I read it, any fixed solution but a number of options, each one with its advantages and disadvantages and over which there will be considerable discussion before a choice is made, but I am sure things will not stay the way they are for the provincial psychiatrists. I am certain there will be some changes of improvement.

I am very sensitive, however, to Mr. Pouliot's comment that you have to arrange a common level of compensation and attention to health care workers as they exist across the entire province. I still believe that even after you have developed that common base, you still have to find very special measures for dealing with unique problems outside the urban centres and in the north and in and among special communities where the ratios at any price are lower than we would like to see them.

Mr. Jackson: I have a series of questions. I just wondered if you have any others on the dock.

1050

Mr. Chairman: I have three other people on my list, but I can put you on the list, if you like.

Mr. Jackson: I have a question about community housing. That may be out of order, so I will waive until we get to that section.

Mr. Chairman: I have Mr. Adams, followed by Mr. Dietsch, followed by Mrs. O'Neill.

Mr. Adams: I was going to go to the community health side. It seems to me the biggest thing in recent years has been that shift, and it has implications, as you were discussing, for the psychiatric hospitals. You have already mentioned examples where it involves your ministry co-operating with other ministries. I guess it also involves your co-operating with other levels of government, with private organizations and so on. That co-operation, it seems to me, not only is in the provision of housing but in some cases is in the provision of care. In other words, the care is actually being provided by people who are outside your ministry.

Dr. Barkin: Absolutely.

Mr. Adams: I would have thought that in some ways, with respect, the further away from your ministry some of these people can get the better, in the sense that they are going further and deeper into the community. I do not know if that is a reasonable statement. How do you monitor the process? How do you monitor the quality of that community health care if, in reality, the people are in the community and are being dealt with by people who are not in your ministry?

Dr. Barkin: I think you have put your finger on one of the very profound problems we also identified early on in the process. Things happen to people which we do not have a handle on and cannot answer for, particularly as they move not only within the facilities that are under management by the Ministry of Health, but as they move across ministries and enter the domain of other ministries. We have a lot of ad hoc groups that meet regularly between the ministries to try to make sure that the programs are properly co-ordinated, but there is no fixed structure in place at the present that allows that to take place.

You are quite right. There is the question Mr. Jackson is going to ask when his turn comes, relating to special housing needs. We can deal with special support. Many of the patients who are in the mental health system will interface with the criminal justice system to a great deal, so it will not just be housing and social services; it will be correctional services; it will be trying to develop a method of monitoring those patients as they move between those so they do not get lost between the cracks, denied the compassion one has to bring to bear on some of these issues in favour of the more restrictive or punitive approaches that sometimes emerge from the issues.

You are pointing out a deficiency that we ourselves agree with.

Mr. Adams: I wondered about the preventive side of mental health in this same context. Are you doing or is there anything that can be done in the community to reduce the incidence of such--

Dr. Barkin: I think there is quite a number of things that can be done. There are some things that are being done. As I said in my opening comments, I do not think you should construe the things that are being done as being sufficient or an indication that anyone is satisfied that they are sufficient.

In the area of community mental health, the ministry works very closely with the Canadian Mental Health Association and its Ontario chapter. We work very closely with community-based organizations and there are other organizations we work with and liaise with and get advice from on that. In fact, the minister has a particular advisory process to her in place now. I have been meeting with periodically with Mr. Graham, who chairs that process. He has met with me three times and he is a little concerned that he is a little late getting his report together. It was due this month, and it probably will be more towards the end of the month than the beginning.

There is more that can and ought to be done in that area. There is no question about it.

Mr. Dietsch: I want to get back to the physical facilities. It seems to me that the combination of problems is enhanced by each other, albeit monetary reimbursement is one segment of the difficulties. I think you pointed that out with relation to some of the stressfulness of the job and then the physical facilities.

Being new on the committee, I should perhaps start out by asking, is this something that has all of sudden developed? Is it something that has been ongoing for a long period of time and you are just starting to wrestle with? The third part of my question would be, what are you doing about the physical facilities in order to enhance the layout?

Dr. Barkin: Let me start the answer, and then I will turn it over to Mr. Corder for the balance. This is not new in the system. Many of those hospitals are very old. Many of those hospitals have been renovated to serve the purposes that they are now serving. By contemporary standards, if we were going to start building them from scratch, we certainly would not build them to the style, in 1987, that they were built in 1907. So it is a gradually increasing problem as time goes on.

For a period of time, as I understand the history, there was some uncertainty about to what degree the provincial psychiatric hospital system would be used as a psychiatric hospital system. I can understand, under those circumstances, why there would be a reluctance to invest both heavy capital and operating commitments there. As different regions develop integrated programs, however, part of those integrated programs is redesigning and rebuilding the psychiatric hospital system.

The best example that I am aware of is the Whitby Psychiatric Hospital redevelopment program. That combines rebuilding of a psychiatric hospital, which at one time had a capacity of something in the order of a couple of thousand patients sprawled over actually quite an attractive property on the shores of Lake Ontario, with multiple scattered buildings, whose ultimate purpose was to be a long-term, indefinite domiciliary environment, into a

hospital that will be about 300 or so beds when it is all redeveloped and integrates with some community-based services and with a linkage of general hospital-based services, including additional beds, to a variety of beds in Durham.

That in a pilot way is probably the ideal hospital-based way to go--rebuild as you decide what you are going to do and how you can interact. It is a little slow in process. I think there has been a little bit of reluctance to accept the idea of integrated planning. That pilot project has really shown us a direction that I think is going to be very useful in the future, however.

Mr. Dietsch: I am not sure I understood the first part of your answer in relation to the length of time that these types of problems have been going on.

Dr. Barkin: Tens of years, since the psychiatric hospital system was first developed.

Mr. Dietsch: So really it is a growth problem that has come through the system and we have been wrestling with it as it has come about.

Dr. Barkin: It is a growth problem and it is an evolution problem. There was a time when the psychiatric hospital system had a particular role, and there was a particular philosophy of care and a particular knowledge base. That knowledge base and philosophy of care has now matured quite considerably from where it was, say, in the 1920s and 1930s. The physical structures, however, that are in place are those that arose, by and large, during that era, and that is what we now are trying to make do with in a more enlightened era--at least we hope it is more enlightened.

Mr. Dietsch: Do you, as a ministry, have an overall plan in relation to how to focus these things in terms of how you are going to bring them about into a more adequate facility at this time?

Dr. Barkin: The plan was to develop local regions, with the provincial psychiatric hospital as the hub of that region. The pilot program for that, in which a great deal of planning was done at a number of levels, was the Whitby redevelopment project. That has now become the role model to which we can look for the development of the other centres. The second one being looked at in that way now is North Bay.

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Mrs. O'Neill: Mr. Chairman, I have three different questions, and I presume you are only permitted one question at a time.

Mr. Chairman: No. You may ask as many questions as you wish. If you start going over 20 minutes, I may ask you to be put on the bottom of the list again.

Mrs. O'Neill: OK. I think this is tied directly to Mr. Adams's question, and this goes back to community-based health. What I see as two extremes out there are great expectations for this service, particularly on the part of the families being served and maybe some of the doctors who are using that kind of treatment. I do not know that aspect, but I do know the families of the patients.

I also see this seemingly great abyss or vacuum or lack of knowledge on the part of the people who happen to be in the neighbourhood where such community facilities are set up.

I am just wondering if, on either end of that scale, the Ministry of Health has any direct input in, basically, attitudinal changes, a more realistic approach to what is happening and the whole group home concept, whether that be smaller or larger patient style of treatment. I wonder if you could just talk to me about expectation and education.

Dr. Barkin: I detect two questions in that. If I may, just to make sure I understand the question, I will sort of deal with that and if I have misunderstood, you will jump in and put me back on the track.

The issue of community-based services is not necessarily a community-based residential service or a service that takes place in a place. You have identified one particular kind of service, a group home. There is sometimes a resistance to group homes for discharged psychiatric patients or patients who have ongoing psychiatric disability in communities. The newspapers have to referred to this as the not-in-my-backyard phenomenon.

That occurs in a variety of circumstances. It is less likely to occur in an enlightened community, and I think that is the second part of your question. To that regard, the ministry has worked with and has actually partially funded the public campaign of the Canadian Mental Health Association to assist it in removing from the public's perception the stigma that is normally associated with mental illness.

We feel very strongly that once the public understands and once we can work with the community agencies to assist in removing that stigma, the resistance to these kinds of facilities, as you have described, will minimize considerably. It will never go away, as you are well aware. Residential communities and communities themselves have their own ideas of what they will or will not allow in their backyard.

On the other hand, I would not like to leave the impression that the only kind of community-based facility is one that is a residential treatment centre or a group home, a special housing project or a home for special care in a project. Community-based services are a wide variety of services that are more program-oriented than they are facility-oriented.

The broadest definition of a community-based service which we would use is a service that is locally available to a patient and allows that patient or individual to live as independently as he can within the community in which he dwells. We must balance that with some of the concerns of families, who sometimes need a little bit of rest and relief and sometimes need to know that, in addition to the community-based system, there is a crisis intervention system, because patients often do not stay at a constant state in this area.

It is the integration of the programs available in the community with the programs available in hospitals which I think is the biggest challenge that faces us. At the moment, there is a little bit of a separation, a little bit of lack of continuity, but there is enough that some patients are lost in that transition between the community-based service and what is available in the institution.

Mrs. O'Neill: My next question is attached to what you have just suggested. You did describe a different kind of patient or client at the psychiatric hospital now, which seems to be changing somewhat the emphasis on the entry point. There are more emergencies, so to speak, and they are of a much more severe nature. Have we adjusted our programs in those centres, because it does seem that an entirely different kind of treatment is needed and that more beds are directed to that kind of treatment? I have had representations on this kind of problem.

Dr. Barkin: We have addressed that crisis intervention area in some of the institutions; we have not addressed it in all, and I think there are some deficiencies in some of those institutions. It is simply not feasible to have secure units and secure observation units in every institution at this time. It would be best if we had a network of those that could be referred to. I believe we have some requests going forward to expand that. There are some in place. Mr. Corder, can you give me the specifics on the secure units?

Mr. Corder: We have five secure units in place today across the province, in private and provincial psychiatric hospitals. In addition, we have several proposals before us from community groups looking at the possibility of establishing crisis intervention within an appropriate institutional setting. For the general hospitals, the most recent one is coming from Kingston. We have one from Toronto and I think we have one from London.

The whole notion of education for the mental health care worker in the general hospital setting is something we are exploring, with the Association of General Hospital Psychiatric Services and the Ontario Hospital Association, to try to provide different types of educational programs. Our own mental health care workers in the provincial system are also trying to get to an area of crisis intervention.

The most recent in-hospital model we have tried at Whitby Psychiatric Hospital is crisis intervention on an in-hospital basis, to see if we can use the secure setting differently. We are still evaluating those results, but it looks as if we might be getting some information that could be used throughout the system.

Mrs. O'Neill: My final question at this moment is about psychogeriatrics. It seems to be almost the same as the north. There do not seem to be very many of these people around. Is that being looked at all in the educational institutions, because that seems to be--

Dr. Barkin: You would think I handed you that question. I did not. It is an interesting question, largely because of where I came from. Before I came into the Ministry of Health, I was chief executive officer of Sunnybrook Medical Centre, which founded the first psychogeriatric unit in Ontario and developed the first psychogeriatric outreach. It is an area I am very familiar with and very interested in.

The medical schools have recognized that this is a significant area for which they must provide training and that it is a very specific branch of psychiatry. We have only a handful of psychogeriatricians right now in Ontario, but recognizing the importance of that particular specialty, the University of Toronto, in developing the head of its regional geriatric service, has named to that position the head of psychogeriatrics at Sunnybrook.

The important thing about the speciality of psychogeriatrics, in terms of its role as an assessor of the state of mental health of a geriatric patient, is that those assessment programs have to be prepared to leave the institutional setting and carry out their assessments in the normal environment within which the patient lives. A decompensating elderly patient taken from his home and moved into an institutional setting for assessment will get a very different assessment outcome than if you sent the squad to the patient's home to do its assessment in his natural environment. Psychogeriatrics and psychogeriatric assessment have a strong community outreach component that the psychogeriatricians themselves strongly advocate.

We recognize the deficiency, and they are moving to address it very quickly.

Mrs. O'Neill: Thank God. That was brought to my attention this week. It was also brought to my attention that there is a great resistance on the part of many of the patients of that age to ask for that kind of treatment. I guess it is a whole new challenge they have.

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Dr. Barkin: I think the resistance comes if they have to ask for that treatment in an institutional setting. They usually have very less resistance to having a visit from an assessment team in which one of the team has skills in the area of psychogeriatrics.

Mr. Cureatz: I apologize for being late. Notwithstanding that, I feel we were timely in terms of some of the concerns I have.

You have brought out some focus on Whitby Psychiatric Hospital, and I would like to bring to your attention that just previous to the last election, I guess, the board of governors had the opportunity of inviting us down, those members in the area. I guess it was Durham East, Oshawa, Durham West and Durham-York; we did not have the new riding of Durham Centre. We met with the board and they expressed--

Mr. Ballinger: You are the only survivor.

Mr. Cureatz: I am the only survivor; that is right.

Mr. Pouliot: It shows you how good the timing was.

Mr. Cureatz: That is why I am bringing up the encounter we had with those members, so that we are trying to bring forward some cohesiveness to what was told to us then and where we are at now in terms of the project. As a matter of fact, I think we were still the government then, come to think of it, and it was promised for a third time.

Mr. Chairman: Not so long ago.

Mr. Cureatz: That is right. No help to a party, the name of which I will not mention, but it is time for another debate.

Interjection.

Mr. Cureatz: We are getting to the point that we want to talk about Whitby Psychiatric Hospital. The previous Conservative administrations time and time again--and listen, I will own up to it; I was not the Minister of

Health--apparently had made a number of commitments monetarily to Whitby Psychiatric, but for some reason it kept getting the shuffle. I suppose I am curious if any one--

Mr. Adams: I thought you were Cureatz.

Mr. Cureatz: --of you distinguished people have an understanding in terms of the shuffle that took place, since there seems to be an increasing demand for psychiatric services.

Mr. Chairman: Mr. Cureatz, when you were Deputy Speaker, would you have allowed a question that was that long?

Mr. Cureatz: Well, as a matter of fact, yes.

Mr. Chairman: Perhaps that is why you were not Deputy Speaker very long.

Mr. Cureatz: Bill Davis gave me the axe on that one.

Dr. Barkin: The question is, what is happening with Whitby Psychiatric?

Mr. Cureatz: No, I am going to come to that. I want to go before that--

Interjections.

Mr. Cureatz: The question is, why the continual shuffle on Whitby Psychiatric Hospital? There were commitments from three various ministers of Health: Timbrell, Norton and maybe Stephenson. Is anyone familiar with the continued commitment and cancellation of the various programs? Every year there seemed to be an announcement that the Ministry of Health was going to come forward with \$70 million or \$118 million for the refurbishing of Whitby Psychiatric Hospital. It never happened. Then the Liberals took office and they came out with a fourth announcement.

Mr. Pouliot: Nothing has changed.

Mr. Cureatz: We are going to get into whether it is happening or not, but first of all, the nuts of bolts of it, are that there were continued announcements but nothing was happening. Why was that?

Dr. Barkin: I cannot answer for why or what has gone on in the past. I can ask my assistant deputy minister to give you some of the history, if that is what you are asking.

Mr. Cureatz: Great, let us do that.

Dr. Barkin: OK.

Mr. Corder: As a civil servant, I cannot tell you the reason behind these things, but yes, I believe it was announced several times.

Mr. Cureatz: Right.

Mr. Corder: I really do not know the facts behind those announcements.

Mr. Cureatz: What concerned me was, there would be an announcement--
Interjections.

Mr. Cureatz: What happens in terms of the staff? Do you get geared up for such things? Are funds spent? I am thinking in terms of the auditor's position. Does the ministry and its various departments, the mental health operations branch and community mental health branch and mental health planning branch, get all geared up for these things and suddenly you get word from on high saying, "Whoops, we are going to announce those again next year; stop."

I am trying to work out the cost factor in terms of the continued announcements. We can all learn from this. What is the point of having announcements just for the sake of announcements and great politics if it is just continually costing money for the thing.

Mr. Corder: I am not trying to be facetious, but the planning branch, the community mental health branch and the operations branch are all geared up for the redevelopment of Whitby, as they are all geared up for the northeast study relating to North Bay. That is their function. They are there to try to keep abreast of the way that psychiatric care and mental health care should be delivered today.

As far as the Whitby redevelopment is concerned, I know the community advisory board, when it met with you, indicated that staff morale was affected by these previous announcements when there was no seemingly material results from those announcements.

Let me assure you that there is active work today. That project is moving ahead and the staff feels much better about the whole redevelopment of that facility in the context of community initiatives, the institutional component and the general hospital sector.

Mr. Cureatz: I have a few questions on that. Are there substantial funds that are spent following an announcement of such a degree, and how is it stopped in terms of your various branches? I am trying to get the nuts and bolts of it. The minister makes an announcement. Great! There is \$100 million for Whitby Psychiatric Hospital and, three months later, something must have happened that says, "No, do not go ahead with it."

Dr. Barkin: Perhaps I can answer that question for you, since some of this will now be overlapping when I take office in October.

We have designated in our cash flow projections over the next three or four years a total of \$65.5 million for Whitby Psychiatric Hospital. That goes through a series of tenders as you go from the decision to build. The first phase is the development of a functional program which serves as the guide to the architects.

That call for proposals on the functional program is out. There are 38 respondents, and the most appropriate one will be chosen to develop the functional background as a guide to the architect. At the same time, one of the key ingredients for the Whitby proposal is not simply building a physical facility; it is the development of an integrated program between the general hospitals that are in that catch basis and the community-based group.

The community-based group has put together a package of funding that they require to develop the community side of the program. That is a funding requirement, and we just recently put together that package. I expect the minister will shortly be announcing the allocation of funds for the community-based portion of the program to go ahead.

Mr. Cureatz: Another announcement.

Dr. Barkin: As far as I am concerned as, if you like, the senior bureaucrat responsible, our instructions are to move ahead with this program. No one has yet told us we are to change any of our timing or cash flow projections on that, if that is your question.

Mr. Cureatz: Actually, no. It was going to be a question, but you have answered it.

Dr. Barkin: The answer is yes, it is moving ahead at the rate that these things move ahead. The tenders have gone out. The community thing is going in place. The beds in the private general hospitals are moving forward, and we expect to hear their proposals shortly.

Mr. Pouliot: It means the writs will not be issued for another six weeks.

Mr. Jackson: I feel as if I am talking to a politician here.

Mr. Pouliot: He is.

Mr. Cureatz: How much expenditure takes place in a ministry, particularly the Ministry of Health, when the government comes forward, or the minister, and makes an announcement that so much money is going to be spent on refurbishing Whitby Psychiatric Hospital? Something must happen within the ministry to get the thing geared up.

You have explained quite adequately to me that, out of the \$65.5 million, things are starting to progress, and we are going to follow along those lines momentarily. I am trying to get before that story. Do you have a handle on what takes place in terms of funds that are spent when a minister makes an announcement? I think there were three announcements--I have to admit, by Conservative ministers--about refurbishing of Whitby Psychiatric Hospital.

Your various departments must get geared up for these things. Do they spend money for the gearing-up of these things? How do you know not to continue to spend money because it would appear they are not going to be going ahead? Are you then waiting for another announcement next year from another minister?

Dr. Barkin: If you are asking me for what is happening now, I cannot answer for that.

Mr. Cureatz: No, I am not.

Dr. Barkin: If you are asking me what happened in 1985-86, not only was I not here but, before you came, I made it clear I was not even in the Ontario public service. I came here only in October. So I cannot answer for what may have been in the minds of ministers going back before that time. I can answer, or have my officials answer, for the details of the auditor's report of 1986-87. Again, I cannot ask them to answer for what was in the minds of ministers with whom they had not had direct personal contact.

Mr. Cureatz: No, I am not even asking you that. Who the heck knows what is in the mind of a politician? What I really want to know is from the staff level--

Mr. Ballinger: On a point of order, Mr. Chairman: Mr. Cureatz has asked the same question three times. My understanding is that we are here dealing with the Provincial Auditor's report. Mr. Cureatz is in a very philosophical state of mind. That is fine, but I think the deputy minister has addressed how they have handled Whitby Psychiatric Hospital and the announcement on the \$81 million. The first phase has now gone out to tender. I think he has been quite specific in his answer. With all due respect to you, Mr. Cureatz, as a member of this committee I do not see why the badgering back and forth here. I do not understand where you are coming from.

Mr. Chairman: I think the point of order is probably well taken. I have tried to be fairly lenient with members and occasionally we have run in some questions that really belong in estimates rather in this committee. I hope members will address themselves to the issues raised by the auditor's report.

Mr. Cureatz: Right, I will. I am going to ask the question again, Mr. Chairman, because I think it does address itself to the auditor's report; that is, the expenditures in terms of provincial psychiatric hospitals and what we are trying to find out. If the deputy minister is not able to respond, and I appreciate that very much, then maybe someone within his staff can respond.

Mr. Chairman: And the question is?

Mr. Cureatz: When a minister comes out with the various announcements, as has taken place for Whitby Psychiatric Hospital, an announcement is made that X amount of funds is going to be expended to refurbish the hospital, what happens at the ministry staff level, not the minister or his executive assistant, but within the civil service context? Do you get geared up after an announcement is made and start spending money, which I think would come under the auditor's concerns of provincial psychiatric hospitals? Then when you start spending money, how do you know to stop spending money because there might be another announcement coming forward? I am trying to get to the point.

Dr. Barkin: The question you asked was a general question: How do we know after a minister makes an announcement when to start spending money and how do we know when to stop?

Mr. Cureatz: Yes, and I guess no one there can respond as to whether funds were expended, or maybe the auditor can respond. Did you ever look into that consideration where an announcement is made? Does the whole ministry get geared up for the anticipated bringing forward of moneys from the Treasury and suddenly the money does not come?

Mr. Archer: I am sure they would, but we just assume that is their day-to-day business. That is life in the civil service. We would never try to put a dollar value on the money they spent for an effort that may be put on hold at a later date.

Mr. Cureatz: The point is if there were three announcements, there have been funds spent three times because a project has been put on hold. Has that crossed your mind?

Mr. Archer: That may be to some extent, although I think that some of the initial effort would carry forward into the second announcement and some of the second effort into the third announcement. I do not think it would be a case of starting at square one with each announcement for that. Perhaps the ministry could respond to that better than I.

Mr. Cureatz: We have a supplementary.

Mr. Chairman: I cannot have a supplementary when we have not had an answer from Dr. Barkin.

Mr. Cureatz: Good, let us get the answer.

Mr. Chairman: Dr. Barkin, would you answer the question?

Dr. Barkin: The general process actually begins before the announcement because, normally before the announcement, a fairly extensive planning exercise has taken place involving the participants who will be affected by the announcement. When a capital project is announced, under most circumstances, and I can speak only in the general sense because your question was asked in the general sense, the next step that happens is that a very specific cycle of events, which is laid down in the ministry's capital planning policy, follows.

The first step is the authorization for the institution in question, if it is an institutional capital project, to develop a functional program. That is the first step before they go to hire the architects to draw the designs, because you have to know what it is going to do before you can design the thing.

Cash flow commences at the point that expenditures are incurred by the institution in generating that functional program. They will make a request for cash flow for the functional program stage and then periodically, as they get their approvals, as they go from functional programs to general designs to more specific designs, they will come to the ministry, indicate their progress report, get that stage of the planning process approved, cash will flow from the minister as has been committed in the minister's original announcement and the project then moves forward until they go to tender.

Construction begins, the bills come in, the ministry funding obligations are met and away. There is usually a dialogue between the institution and the ministry on the rate of cash flow, when the cash flow will take place. If the institution has a fund-raising obligation of its own--that is, if the ministry is not funding 100 per cent of the capital project--there is a negotiation between the ministry and the institution as to when the publicly raised funds that it has raised will kick in and when the ministry's cash flow will kick in as well.

Mr. Pouliot: I have a couple of supplementaries on the process.

Mr. Chairman: With Mr. Cureatz's permission, a supplementary from Mr. Pouliot.

Mr. Pouliot: Before the ministerial announcement is made, there will be a recommendation going to the minister, because I assume that you get several applicants for projects. Right?

Dr. Barkin: Sometimes that is so. Sometimes the decision is made on a straight-line planning process. The Whitby process was not one which was put up to tender: Will you build a 300-bed psychiatric hospital? That was as a result of a very specific straight-line planning process, and I believe it was chaired by Dr. Heseltine. It is the Heseltine report that resulted in the rest of the pieces coming into play.

Mr. Pouliot: Nevertheless, projects would be judged on their own, for recommendation on their own merit. Each project, each proposal would be judged by your ministry on its own merit before it goes to the minister for recommendation.

Dr. Barkin: That is partially correct. It would be judged on its merit in the context of the overall planning process. In other words, you could have designed a wonderful hospital in Whitby, but if it did not lock in with the entire plan for Whitby, Durham and eastern Metropolitan Toronto, then it clearly would not have been accepted, since it did not fall within the stream of the planning process that was there. With that caveat, you are right; it has to be approved by the ministry.

Mr. Pouliot: Once you enter the wheels--

Mr. Chairman: A supplementary is not a way of jumping line.

Mr. Pouliot: I am trying to develop a theme here. The crux of the matter here is I want to find out--

Mr. Chairman: Ask your question.

Mr. Pouliot: --if all systems are the same and if there is political interference, or is there any such thing as political decisions being made where one jumps the gun over another project?

Mr. Cureatz: Why did you ask this question?

Mr. Pouliot: There is nothing wrong with that. It is in the auditor's report and it is in keeping with the mandate and the terms of reference.

Mr. Chairman: The auditor's report does not deal with the problem of aborted announcements. Since the auditor's report is fairly broad in the mental health field, one might stretch the imagination and say it was in order, but there would be a stretch of the imagination.

Mr. Pouliot: With all due respect, under the umbrella of having members--this one anyway--being better educated so that we can better prepare following questions, would that be allowed?

Mr. Chairman: It certainly would be allowed in estimates. We are dealing with the Provincial Auditor's report.

Mr. Ballinger: See what you started, Sam, for crying out loud?

Mr. Chairman: Would you please put your question? Then I am going to go next on the list.

Mr. Cureatz: Wait a minute. This was a supplementary.

Mr. Chairman: You are on the list.

Mr. Pouliot: As we know, hospitals are built and they are all built the same way. It is not his job to be political, but it is certainly mine. There are things he cannot say, but I can.

At the risk of losing my turn, on a more refreshing--

Mr. Cureatz: Where is the supplementary?

Mr. Chairman: This is the supplementary. Otherwise, you are three down on the list.

Interjection: You have had two days to do this.

Mr. Pouliot: We will come back. I will pass.

Mr. Cureatz: All right.

Mr. Chairman: Mr. Cureatz, are you going to very much longer? We do have a number of people waiting.

Mr. Cureatz: No, I will not be.

You seem to be quite concerned, and I am too, about the expenditure of public funds, and that is what the auditor's report is all about. The auditor was very helpful. He said in defence of the ministry, which I find flabbergasting, as usually he is supposed to be out hammering away about the way money is spent--I can remember when you were appointed, when Darcy was around, and boy, oh, boy--

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Mr. Chairman: Is that a question? Were you appointed when Darcy was around, Mr. Auditor?

Mr. Cureatz: The question is, it was the auditor's response, but let us hear it from the ministry. Those expenditures that take place after a minister has made an announcement that so much money is going to be spent for capital refurbishing, in this case, with the psychiatric hospital--You indicated through the supplementary asked that the ongoing process has already taken place, or is in gear, about evaluating the proposals across the province, and then a sorting out as to which recommendations should proceed.

For you to get geared up in anticipation of an announcement, do the funds expended come out of normal operating costs of your ministry? Do you have a general, catch-all fund in which you anticipate various announcements, and set aside X amount of dollars? If you have such a fund, and this is my point, if there is an announcement and then another announcement about the same thing, do you repeat and waste money in going over old ground? Can you

salvage some of the investigation in anticipation of an announcement and pick up the loose strings?

Dr. Barkin: I have to go back to my answer because I may not have made that clear. The process by which this particular announcement was made, as I understand it, was not one that went to tender or was competitive. This was as a result of a report that was commissioned on the delivery of mental health services in the area surrounding Whitby in the eastern half of Metropolitan Toronto. A specific director of that report, Dr. Heseltine, undertook to do that and made a series of recommendations.

The next thing that followed from that was the decision to create the necessary physical infrastructure that would support that report going forward. In terms of the operating input that went into that report, that would have been something that was within the ministry's budget, probably appearing in estimates the year before, and spent during the year in which the Heseltine report was commissioned, and the people were paid, and that was done. That would be part of the ministry's operating expense allotment.

In terms of the capital dollars, the ministry tries to prepare a five-year and eight-year projection on what the likely capital projects will be that are in various stages of development. The Whitby project would be one of the projects plugged into that. As we are not in a position and they are not in a position to spend \$60 million or \$80 million in one year, there will be a cash flow projection that will be the capital allotment to the ministry. There is no capital pool, indeterminate, undefined and unallocated, within the ministry; it is all part of that capital allocation. Then when the auditor comes in at the end of the year, he looks to see if the capital allocation for that year has been spent on the projects for which it was intended.

Mr. Cureatz: One more question, Mr. Chairman?

Mr. Chairman: One more question.

Mr. Cureatz: That is very explanatory, and I appreciate that, in terms of the first announcement in regard to Whitby Psychiatric Hospital. What happens when there has been a second announcement about the same thing that is about to take place, at about the same amount of capital expenditure? I can appreciate that the money for the capital refurbishing would not be coming forth, so you are not going to spend it. But when there is a second announcement, where do you pick up the strings again? You would only go so far after the first announcement and then you do not get the money for the capital. So you scratch your head and say, "Well, let's wait and see if they are actually going to do this."

Then there is a second announcement that capital funds will be expended. Do you expend money within your ministry again or is it that the ordinary, ongoing process, as the auditor suggested, within your staff that: "There is the announcement again for capital construction. We can tell all those various department heads to start with their programs again as indicated from the original study"?

Dr. Barkin: There is a core staff within the ministry that has a basic function of carrying out planning responsibilities, vetting plans that are coming in, looking at programs and evaluating those. If there is a peak or surge of additional work that needs to be done, as I indicated, there may be an additional resource that comes to bear on that which is funded, such as the

Heseltine committee. Would the work of the Heseltine committee still be relevant to a subsequent project? The answer is probably that most of it would be. If the work was sound two years before, much of it must be sound now. If there are some things that have to be changed, then one plugs those changes in.

The actual expenditure of money for the ministry is a relatively constant budget amount based on the ministry's planning staff. It does not go up and down within the ministry. What is planned is planned, it is not lost. The records are kept and one can apply those.

I must clarify something in this instance about this particular project. The Ministry of Health would not do the actual construction. Whitby Psychiatric Hospital belongs to the Ministry of Government Services, and it is involved in that site.

Mr. Jackson: On page 80 of the auditor's report, under "Housing and Community Services," the auditor makes the statement, "Shortages of housing and services often cause discharged psychiatric patients to relapse and be readmitted to hospital." In your summary of ministry responses that not only were in the auditor's report but found their way into the research document that we have in front of us, you refer to the Liberal government's October 1986 announcement of Project 3000.

Could you please advise the committee how many units have been constructed on that program?

Dr. Barkin: Debi, do you have the details of that?

Mrs. Mauro: Certainly. On the first phase of Project 3000, approximately 260 housing units were awarded, and those units are now in place. In August 1987, an additional 360 units were awarded for ex-psychiatric clients, and those units are in the process of being built at this time. Some of those units are now in place. The majority are still being renovated--the actual place of residence--or being built at this point in time.

Mr. Jackson: So for 216, we actually have placement in terms of keys having been handed over and people are now living in them.

Mrs. Mauro: We have people occupying those residences now for 260.

Mr. Jackson: Can you advise the total number of applications that were filed?

Mrs. Mauro: It was a joint project, so we had applications from agencies under the auspices of the Ministry of Community and Social Services, something like 1,200 applications that would be dedicated to the Ministry of Community and Social Service. We also had applications that would come under the auspices of the Ministry of Correctional Services, and I am not too sure how many of those applications there would be.

As for the Ministry of Health, that was the maximum amount of applications we received. In some cases, there were combined applications between both ministries that we had to work on and refine. The 360 units that are awarded for this fiscal year, at this point, again are often joint applications, and with the new round of housing projects that will be announced in 1988, we hope to pick up any applications that were missed from community mental health agencies.

Mr. Jackson: Just so I and perhaps the committee understand, you are saying that out of an annual allocation, the total numbers are allocated to the various ministries that service the general hard-to-house or special-needs groups. There is an actual allocation so that the Ministry of Correctional Services has sufficient for the halfway houses, the Ministry of Health has so many and your ministry gets so many. Is that what you are advising?

Mrs. Mauro: No, I was not very clear on that. I apologize for that.

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Last year, there were 6,700 units designated for special needs groups. Among those special needs groups is included the ex-psychiatric client.

Mr. Jackson: How much of the 6,700 pool were you advised that you might be eligible for?

Mrs. Mauro: At the early stages, we were not advised of any percentage. Applications were asked for from any group that was interested in submitting them. At that point, we received, as I said from my figures, about 260 of that total 6,700 units. Some of those units would be used for singles, single mothers, developmentally handicapped individuals, the physically handicapped. It would bridge all special needs groups.

Mr. Jackson: You said 216 originally. You are saying 260?

Mrs. Mauro: There were 260.

Mr. Jackson: And 360 were the units for 1988 that were announced in August 1987?

Mrs. Mauro: That is right.

Mr. Jackson: You are saying that the 260 is the total aggregate of the special needs area? That is not just the ex-psychiatric?

Mrs. Mauro: The 260 is specifically for ex-psychiatric clients.

Mr. Jackson: Now I am abundantly clear on it. OK. Given the statement that the auditor has made about the revolving door, and given that we have a program from the Ministry of Housing, to what degree are you able to advocate--we are talking about your separate ministry--to the Ministry of Housing that there is sufficient weighted importance for ex-psychiatrics? Do you understand my question?

Mrs. Mauro: No, not exactly. Will you restate it?

Mr. Jackson: Right now it is top down. Housing is responsible. They let you know that you may be eligible for X number of units. To what extent do you influence the Minister of Housing about your needs? You are getting only a percentage of the total allocation in a given year. How are you as a ministry, given that the auditor has told you we have a serious revolving-door problem, advocating, or having more influence or getting your point across if it is after applications come across your desk, after the applications come across the Ministry of Housing's desk and you are asked to comment and you are given a certain percentage?

Mrs. Mauro: When this process first started, we were all new to it, and some of the other ministries, like the Ministry of Community and Social Services, had identified needs out there for the developmentally handicapped and for the physically disabled. Initially, we were learning in the process. We now have a structured interministerial committee, and my staff are involved in that committee.

For instance, next year, it looks as if we will have approximately 1,000 units designated for special needs groups, and we are advocating strongly to get at least one third of those units for ex-psychiatric clients.

Mr. Jackson: OK. Now that you have this interministerial group, to what extent is that a forum where you can discuss and give advice to the three or four ministers or ministries that are represented at that table. How are you structured in order to look at some of the side issues which, for example, are the special needs group home bylaws in communities. I know I am getting into an area. First of all, I am pleased that you have an interministerial group. That was badly needed. Now that you have it, I am testing the degree to which it is effective to get at the heart of the next series of issues which Mr. Archer addressed, which was the checkerboard boarding house bylaws in this province, the standards, etc.

The Ministry of Housing would look at that in a rather simplistic view--I am sorry I said that--whereas you would approach that with a deeper understanding of its impact and how a lot of your applications are being turned down in municipalities all across this province. How is your ministry advocating that we overcome that problem, and are you?

Mrs. Mauro: Are you referring to as-of-right zoning for setting up group homes?

Mr. Jackson: Yes and to others. There is a series of them. There is the absence of a provincial policy statement in the Planning Act. There is a whole series of items that could be addressed if some sensitive ministry were fighting at that table to say, "Look, we are never going to get sufficient applications as long as we have this problem with zoning, etc., in the municipalities;" and standards, for that matter, which was also addressed by Mr. Archer.

Mrs. Mauro: Perhaps I could speak to the group home policy that was developed.

Mr. Jackson: You can pick any one of the issues. I just want to know how your committee is dealing with it.

Mrs. Mauro: First of all, the interministerial committee on those recommendations reports to a deputy ministers' group, the same deputy ministers from the social policy field. So that group does report through.

Mr. Jackson: And Housing is in that?

Mrs. Mauro: Housing is one of those ministries. There are the Ministry of Housing, the Ministry of Correctional Services, the Ministry of Community and Social Services, the Ministry of Health and the Ministry of Municipal Affairs--and that is a very important one because what we are talking about are municipal bylaws.

With regard to the group home policy, it does advocate as-of-right zoning, so that nonprofit community groups will not have difficulty siting group homes in a neighbourhood. I believe you are familiar with that policy, which was developed by the secretariat.

In Burlington--if I can use that as an example, since I know that is the constituency you represent--there is not as-of-right zoning for group homes. As a result, nonprofit group home operators have difficulty finding site locations and it is very restrictive. If municipalities do develop as-of-right zoning, it is much easier for nonprofit groups to site locations for group homes. At this time, about 85 per cent of the municipalities have adopted as-of-right zoning for group homes. There are about 15 per cent of the municipalities that still do not have that, and Burlington is one.

At the interministerial committee level, we are trying to address that with our colleagues in Municipal Affairs, to heighten awareness and to meet with councils at the municipal level to discuss this issue and get movement on it.

Mr. Jackson: As a comment, I would like to compliment the architects of that structure, given that it will be very helpful. I know the size of the Provincial Auditor's report prevented you from entering all that copious information, but may I honestly state that it was badly needed and will be very helpful, especially having Municipal Affairs at the table, because we have not been able to get much headway in that important area. It is too bad that you are limited by space in order to react to that.

I have one quick question on the boarding home contract program, the same question, the number of allocations during 1987, the number of units renovated or restored under that program in 1987.

Mrs. Mauro: You are talking about the upgrading of the physical plant of boarding homes?

Mr. Jackson: I am talking about the second point in the auditor's report where you indicate that is a positive ministry reaction.

Mrs. Mauro: Yes, it is.

For 1986-87, the money is now distributed with the municipalities. For instance, in Toronto alone we had 50 upgrades in 1986-87 for private boarding homes.

Mr. Jackson: Do you not consider in the city of Toronto that--again, referring to the auditor's report where it talks about income levels and about access to proper facilities for boarding homes and so on--the numbers are in a deep slide in terms of access. Do you feel that 50 is sufficient for a city the size of Toronto, with the number of patients we have?

Mrs. Mauro: This program has been going on for two years. Maybe I can talk about another initiative where I think we will get more benefit and more positive results, and that is the Habitat program in the Toronto area.

Mr. Jackson: Whose program is that?

Mrs. Mauro: It is a placement co-ordination service of Metropolitan Toronto. It is a nonprofit community mental health program that is funded under my branch.

Mr. Jackson: There is federal money in that?

Mrs. Mauro: There is no federal money. It is provincial money.

What that program sets about to do is to develop service contracts with independent private boarding home operators. Private boarding home operators receive a higher per diem if they agree to develop planning for the clients in the home, promote programs in the private boarding home and also maintain a certain level of quality of care, the environment being improved--in essence, a good living environment for those people living in those boarding homes. If the operator does not live up to the standards that are set with the Habitat Services program, then the service contract is withdrawn and subsequently the money is withdrawn from the private operator.

Mr. Jackson: I understand it is about \$21 per diem?

1150

Mr. Pouliot: For that person in care you are paying \$21 a day?

Mr. Jackson: Is that the per diem?

Mrs. Mauro: You are talking about the homes for special care now. That is a separate program. I am talking about private boarding home operators.

Mr. Jackson: Then what is the per diem, or what is the contract?

Mrs. Mauro: In the end, it ends up to be approximately \$30 per day per resident.

Mr. Jackson: So why do you have \$21 under the one program and \$30 under the other when the auditor clearly states that the program needs are deficient in these types of situations?

Mrs. Mauro: That is the homes for special care program that you are referring to. We certainly recognize the deficiencies in the homes for special care program and have developed a model to deliver supportive housing program services in those 250-some residential homes. It is in my estimate submission for this year to receive program dollars for homes for special care.

Mr. Jackson: Can you tell us if that means the \$21 to \$30 gap will be reduced?

Mrs. Mauro: At this point, the homes for special care operators receive approximately \$25.

Mr. Jackson: It is now \$25?

Mrs. Mauro: Yes.

Mr. Pouliot: Per patient?

Mrs. Mauro: Per resident per day, yes.

Mr. Jackson: Are the more dollars to expand access or to expand income to increase the per diem amount?

Mrs. Mauro: The plan is to provide programs and support services for the residents in homes for special care. These programs would be provided by existing community mental health programs in the community. They would not be provided by the operator as such.

Mr. Jackson: These are Health dollars, not Ministry of Community and Social Services dollars?

Mrs. Mauro: These are Health dollars, yes.

Mr. Jackson: I have many more, but I do not want to monopolize this section of the report.

Mr. Chairman: I would like to welcome the students from the Ste-Madeleine school. Au nom du comité, je voudrais accueillir les étudiants de l'Ecole élémentaire Ste-Madeleine. J'espère qu'ils trouveront les débats de ce comité intéressants.

You are welcome to be here.

Mr. Ballinger: Very good, Mr. Chairman.

Mr. Smith: When we are talking about these homes for special care, it is not a requirement that they have rehabilitation. Do you feel it would be better for the patient as well as the staff if it were a requirement to get a licence in these homes that they had to do something to help rehabilitate? Would the atmosphere be better for the patients as well as the staff?

Dr. Barkin: Debi, do you want to comment on that?

Mrs. Mauro: Certainly, if there is a rehabilitation component for the residents in the homes for special care, that is preferred. The plan is to provide more programs for the residents, preferably outside the home, just like you and I when we travel to work or have leisure activities outside the home. We would plan to have community mental health services and rehabilitation services for those residents in the community where they live but outside that residential home, and then the operator would be responsible for providing room and board, basically custodial care, in a clean, safe environment for that resident.

Mr. Smith: When we go back into the hospital setting, are the rehabilitation programs there, in your opinion, good enough or could they be substantially upgraded? I even wonder there if that would help morale if they have something to work for. It helps if you can see a patient actually progressing. Maybe I do not understand psychiatric patients as well as I should, but I have been in some of the homes for the elderly in the special care section. It would seem to me that if you can see some progression under rehabilitation programs that is better for all concerned. Do you feel we are going far enough in that way?

Dr. Barkin: The whole purpose of the psychiatric hospital is not to serve as the custodian of the patient but to rehabilitate them to move to the next lower level of involvement, that is, a noninstitutional involvement. So their rehabilitation will be targeted to moving them to a community-based rehabilitation continuity.

The second part of your question is, are we doing enough? As I said at the beginning, I do not know that I would say that, even though I could point with some degree of pride--and I can say that because I was not part of the process--at some of the great improvements that have taken place over the last little while. If your question is, "Are they sufficient?" I would have to say no. I do not think we should be complacent or satisfied that we are doing enough in those areas at this time.

Mr. Chairman: Mr. Smith, Mr. Pouliot has a supplementary with your permission.

Mr. Pouliot: Indeed, Dr. Barkin, with respect, I am not the custodian of a patient. However, on your record you have the fact that the length of stay has increased.

Dr. Barkin: By and large, the length of stay has increased because of the nature of the case selection that is now taking place in psychiatric hospitals. We understand that they now have a very different form of patient than was characteristic on the overall even 10 years ago, much more difficult to place: patients with combination disorders, patients who have a combination of psychiatric and physical disabilities and patients who have combinations of psychiatric and developmental handicaps. They are now reaching that spectrum of patients who are most difficult of all to place because they have been successful in placing the others.

You are looking at a statistical average that does not reflect failure, but rather reflects success with only the hard-core group remaining.

Mr. Pouliot: I was thinking for a second that the very acute housing shortage, the very tight housing market, coupled with the boom which makes the dollar go less, if you wish, had something to do with a longer stay.

Dr. Barkin: I do not have any evidence of that but perhaps someone who actually is much closer to that comment, Mrs. Firestone, might want to comment on that.

Mrs. Firestone: Just to reiterate what Dr. Barkin has said, one of the problems in the past was that we had a wide selection of patients in the psychiatric hospitals who did not necessarily need to be there. We are doing a little bit of a catch-up game with those people who have been out in the community and the new services that Debi has just talked about are helping to provide services for those people already out there.

Some of the people that we have in the hospitals now are particularly difficult. We are looking at programs to assist them. It is an ongoing battle to try to move those people back into the community, but that is not to say that even the most difficult patients cannot be moved out. There will always be a need for them to come back for those acute periods of their illness.

Mr. Pouliot: Just one last question, quick, if I may. Under your residential care, the auditors go on to say "a poor alternative." I think the numbers speak for themselves. When you pay \$21 to take care of someone, I can well imagine under what kind of conditions those people have to live--exist, I should say. That is another subject matter. What is the cost to keep people in an institution? We have already established that you send someone from an institution to residential care at \$21 a day. What is the cost to keep that same person in an institution?

Mr. Corder: In the provincial psychiatric hospital system the per diem cost ranges between \$190 and \$200 a day per patient.

Mr. Pouliot: So on Tuesday, Mr. Corder, as a patient, I might cost the province \$190, so on Wednesday I move into one of those homes at \$21--same illness, same patient, different setting. Is that right?

Mr. Cordiano: No, that is not actually accurate. You have to take a look at the average figure for treating a patient in the hospital as a statistical calculation. There are periods of time when you are acute and periods of time when you are not so acute. Also, when you look at the \$21 per diem, there has been an assessment of the kind of people that are admitted to those programs, and while it is assessed that they require some sort of community support, they really are assessed to go into a boarding home environment. I think you can make a comparison. The community supports are not in place. We are trying to put those in place, but they would not necessarily be included in the \$21 that would be paid to the boarding home operator. They would be paid to community agencies that would be providing the service.

Mr. Pouliot: So those boarding homes, by and large, are privately owned and profit motivated?

Mr. Corder: That is correct.

Mr. Pouliot: So out of the \$21, one would be assumed to stay in business?

Mr. Corder: That is correct.

Mr. Chairman: Mr. Smith, do you have further questions?

Mr. D. W. Smith: I have further comment. I would think the ministers Mr. Cureatz was referring to were making announcements for political expediency without all the approvals of the appropriate parties.

Mr. Chairman: We have another day and a half with our present witnesses. Is it your pleasure that we adjourn now or do you wish an extra half hour, until 12:30 p.m.?

Mr. Jackson: I move we adjourn.

Mr. Chairman: We will adjourn until two o'clock, when Mr. Pouliot will take the chair for a few minutes. I am going to be detained coming back from an interview.

The committee recessed at 12:02 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF HEALTH

WEDNESDAY, FEBRUARY 17, 1988

Afternoon Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
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Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
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Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mr. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Johnston, Richard F. (Scarborough West NDP) for Miss Martel
O'Neill, Yvonne (Ottawa-Rideau L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Peall, Gary R., Director, General Government Branch

From the Ministry of Health:

Barkin, Dr. Martin, Deputy Minister
Mauro, Debi, Director, Community Mental Health Branch
Corder, David W., Assistant Deputy Minister, Mental Health
Drazin, Yale S., Director, Mental Health Planning Branch
Firestone, Theresa, Acting Director, Mental Health Operations Branch

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, February 17, 1988

The committee resumed at 2:02 p.m. in committee room 1.

ANNUAL REPORT OF THE PROVINCIAL AUDITOR, 1986-87
MINISTRY OF HEALTH
(continued)

The Vice-Chairman: Ladies and gentlemen, we will continue on section 4.9. My list of speakers includes, in that order, Mr. Adams and Mrs. O'Neill. I should mention that Richard Johnston should be joining us shortly, as well as the chairman, Mr. Philip, who has been taken away by another commission.

Mr. Adams: Mr. Jackson was bringing out the question of housing and community mental health care. I think you know why, Dr. Barkin; I think you know the sort of problems that presents for us sometimes in our constituencies. I wonder if you could talk a little about efforts you are making, plans you have for dealing with this, I believe the Provincial Auditor said, 25 per cent of the people in institutions who might be moved out into the community. Could you talk about things other than housing?

Dr. Barkin: Perhaps I will have Theresa Firestone and David Corder deal with the institutional side of the equation, and then Debi Mauro will deal with the community side of that equation, if that is all right.

Mr. Corder: In the whole area of community initiatives, as it relates to the institutional side, you know that in 1964 there was the historic event, the Homes for Special Care Act, to reduce the institutional beds by emptying the back wards and putting the people in the community. Essentially, these people were put into boarding homes. That program has stayed that way, and the provincial psychiatric hospitals have administered that program right up until the present day.

Since it was placed in the community, that program has never really had the support component addressed. That is one problem the institutional sector faces when it is looking at a continuum of care, because it knows it has this particular boarding home component that it can discharge people to, but at the same time, it recognizes the supports are not there. That then affects this revolving-door syndrome, where people keep coming back into the system.

Likewise, when they discharge psychiatric patients into other community initiatives, you know yourself--over the past few years you have read about it--that while there are a lot of community programs in place, the co-ordination between those programs seems to be somewhat lacking. Then you get into this whole area of case management. Should that be institutionally based or community-based? Like the homes for special care problem, that impacts on the revolving-door syndrome and, of course, impacts on the acuity of care for the patient coming back into the psychiatric institution.

The other problem that relates to community initiatives is the relationship between the provincial psychiatric hospital and the psychiatric unit in the general hospital, how they liaise and where the crisis

intervention takes place. Usually, crisis is identified in a community setting, then has to proceed to an institutional setting to be either taken care of or in some way handled by referral back to a different community resource.

You will hear people argue that it really is not the lack of resources; it is the lack of co-ordination of those resources and this whole notion of making sure the continuum is in place and that special needs, like crisis intervention, are available throughout the province. I would say that is the impact on the institutional sector.

Mrs. Mauro: Perhaps I could use a planning process we started last fall as an illustration to show you how we are planning for future community mental health initiatives, so we are prepared for those individuals who are in psychiatric facilities now to move into the community with the appropriate supports.

There is a Whitby redevelopment community mental health committee, chaired by Dr. Don Wasylenki. He is a psychiatrist with the Clarke Institute of Psychiatry and has a very good reputation in community psychiatry. We have a working group, representatives from the various areas that get services from the Whitby Psychiatric Hospital catchment area. By that, I mean community representatives from Durham, east Metro Toronto, Haliburton, Kawartha, Pine Ridge areas. We have a representative from the Friends of Schizophrenics on the committee, and we have district health councils represented, so all the interested parties are at the table.

Thus far, we have been looking at models that will work in the community to provide a comprehensive range of services for the more chronically disabled client. In this case, that is the client who presently resides in Whitby Psychiatric Hospital. We are planning and developing actual services, a full range of community services, so those individuals can move into their own community and stay there and access the services they provide.

For instance, one program being developed in the town of Whitby is a clubhouse model. By that, I mean it is a program for clients to go to and participate in an actual hands-on experience. They are actually members of the clubhouse, they participate in rehabilitation activities and they are members and actually part of that whole program.

Linked with that model are housing units, so an individual can live in a supportive housing environment and access clubhouse model. If they require psychiatric services, they have a therapist they are linked to. Really, their whole case is managed, so it is a full-pronged approach and a co-ordinated approach.

We are halfway into that process with the Whitby community mental health working group. For this year we have recommended a number of programs to be funded in each of those areas as a starting point. As it happens, about three of those programs are housing programs with identified supportive programs linked with those housing initiatives. That is a hands-on, practical approach to planning community mental health services for the more chronically disabled and moving it out into the community.

Mr. Adams: May I have a very short supplementary? I would be glad to come back to this in my turn.

I have met with all the groups you have mentioned in the Peterborough area and I am grateful for that response. I am interested in the community care program in general. I am particularly interested in the local institutional response to it. By institutional, I do not mean just our local hospitals; I mean the organizations and so on.

If I were to say to you a rehabilitation unit for a local hospital, would you automatically assume there would be a mental health component, such a thing? I just wondered, in the jargon--I do not need a long talk on that--if I say rehabilitation unit, do you automatically think there will be a community health care component to that?

Dr. Barkin: I am sorry. Your question has a contradiction in it. That is why I have difficulty answering it. A hospital-based rehabilitation program and a community-based linkage?

1410

Mr. Adams: In my riding, we have two hospitals, and in the broad health area, as I see it, they are gearing up to community care--the institutions are. One way they are doing that, of course, is discharging patients, but the other is setting up services for patients who are now in the community but have to come back for certain things.

Dr. Barkin: OK. I understand.

Mr. Adams: I simply wondered about this expression "rehabilitation unit." For example, at Peterborough Civic Hospital, what does it mean to you in the mental health area?

Dr. Barkin: Rehabilitation, for most of the hospitals, applies to physical rehabilitation--that is, rehabilitation for a locomotor disability--and implies the three standard rehabilitation specialties: occupational therapy, physiotherapy and, for hospitals that have it, speech therapy.

The idea of rehabilitation per se, which is a concept as opposed to the specialty of rehabilitation medicine as it is defined in the various academic health sciences, has a broader connotation than physical rehabilitation.

In that context, many hospitals do provide ambulatory services that are part of that interlinked program that assists in the rehabilitation of a psychiatric patient or a patient with a mental disorder who requires such rehabilitation.

As we have mentioned several times this morning, and I think it bears re-emphasizing, those needs vary from time to time. They are not usually constant for any one patient. Therefore, the fundamental philosophy towards which the ministry believes it should head, and is heading, is to try to develop integration of the spectrum of services so that the client or patient can move to that level of rehabilitation or treatment that is required at that moment in his or her natural life history.

Mr. Adams: Briefly, when I say rehabilitation unit, you do not think mental health at the moment. I understand that you do not.

Dr. Barkin: No, we do not.

Mr. Adams: If I were to use that expression in a letter, it would be misleading to you, for example.

Dr. Barkin: Yes, it would. The treatment is used as it is described in the academic health science centres. There is a professor of rehabilitation medicine and a department of rehabilitation medicine. That has a very specific medical connotation at the present time. The term "rehabilitation" is applied as you have applied it to rehabilitation from anything, not just mental health issues but rehabilitation from cancer and a wide variety of other conditions.

Mr. Adams: Thank you.

Mrs. O'Neill: Dr. Barkin, I know you will not be able to answer for the Ministry of Community and Social Services, but this whole area of children's mental health services, about 10 years ago or whatever, having been placed under that umbrella more directly rather than under the Ministry of Health has certainly caused some--what should I say?--not misuse but, more accurately, underuse of facilities than existed before that change took place. I am thinking of one specific place connected with the Royal Ottawa Hospital in Ottawa.

I wonder what kind of communication is going on. I know the children's hospitals in this province usually have relatively small wings for mental health services in comparison to the rest of the services, and I feel there are certainly some inefficiencies--and they may even be inefficiencies in treatment, let alone economies--going on because of some lack here of an ownership of children's mental health services. I just wonder if you could comment on that.

Dr. Barkin: Yes, if you will allow me, I will make a general comment, and I will ask Mr. Drazin to comment specifically on the existing interministerial linkage process that is in place.

The general comment I would make arises from some of my opening statements, in which the minister asked me to take a specific look at the mental health area and some of its linkages. I agree that aside from those specific processes that we are able to put together, and you have heard of some already, to deal with specific issues, there is not sufficient symmetry between the Ministry of Health, for example, and the Ministry of Community and Social Services that would allow a continual ongoing interaction to take place between the two ministries.

Therefore, one of the targets we have is to create structures within the Ministry of Health that would permit that to take place in a wider frame than is now possible. Now that does not mean that is not happening now because, in fact, it is happening now to a degree, as we discussed with that joint-committee dealing with housing. But I do not think, as Mr. Cureatz has emphasized and I have emphasized, that we can achieve the maximum integration of services within our existing structures. Perhaps, Yale, you could discuss the kinds of processes that are now in place for dealing with interministerial consultation.

Mr. Drazin: In the main, the existing interministry mechanisms involve Health and Community and Social Services in some cases as well as the Ministry of Education. The primary committee that exists for interministerial consideration of children's mental health services is the interministry committee on children's mental health.

One of the issues it is looking at now, in trying to formulate a clear statement of the respective roles of the two ministries around the provision of children's mental health, is the addressing of the specific role of the general hospitals in providing adolescent and youth services. As well, there are some hospitals which have funded adolescent outpatient departments. These no doubt appear as somewhat anomalous in the sense that these are not consistently applied across the province. In some respects, your question implies that they are remnants from that transfer, and that is so.

I think in some respects the issue boils down to a difference in professional treatment philosophies between the two ministries. Obviously, that does not lend itself to easy and quick resolution. None the less, I think there is a recognition among all the participating staff that there is a functional equivalent in some respects. Where there is a resource or a capability or an interest in an agency funded by Health to deal with these cases, then there ought to be an initiative built upon those existing services.

We are not trying to recreate a clear and distinct separation where that is inappropriate; we are trying to define effective working relationships so that in every locality the needs presenting in that locality are met by an appropriate available agency, so that the same model, the same resolution, between Health-funded facilities and those funded by Community and Social Services may not apply in each and every area.

Reinforcing that, the interministry committee in 1985 developed a guideline to promote local joint planning around children's mental health services between the planning agents of the Ministry of Health, which are the district health councils, and the planning agents of the Ministry of Community and Social Services, which are the local area offices of the Ministry of Community and Social Services.

In the year that I have been with the mental health area, there have been at least five areas in which that agreement has been formally acted upon between the local area office of Community and Social Services and the district health councils, Peterborough, Kingston and Halton. Parry Sound does not have a district health council, but none the less, it has taken an initiative in the area of planning around mental health services, and it has involved all of the relevant agencies regardless of the funding body. Metro is another example which has examined transition-age youth issues specifically and has involved the DHC and the local area office and agencies funded by the Ministry of Community and Social Services.

In terms of dealing with specific difficult-to-place cases where local efforts of co-ordination and resolution have not, in fact, succeeded for whatever reason, there is a committee called IMPACT, the Interministerial Placement Action Committee of Toronto, which is a forum. Did I get all the questions?

The Vice-Chairman: No, but with the highest respect, we expect you could focus a little more. It is most interesting.

1420

Mr. Drazin: Oh, I am sorry. This interministry committee provides a mechanism for dealing with specific cases where local attempts of co-ordination among service providers have not succeeded.

Mrs. O'Neill: As one of the aims then, since this is a public accounts committee, is there some intent to look at the economies of this? As I see it, and I know only my local area, really, there is some, what should I say? competitiveness, something happening here with these two ministries. There seems to be a real intent on the part of the Health people in my community to get back into this business, and because it is a continuum of care in some cases, they feel they could be more pointed in the treatment.

I just do not really know exactly how to place this question, because I know it does involve two ministries and you have given me some of the interrelationships, but I guess what I really want to know is whether there is some thinking to rethink that decision to make this transfer relatively all-sweeping. It seemed to be going further from Health and more to Community and Social Services.

Dr. Barkin: We understand the issue you have described very well because it has been drawn to our attention by a number of parties. Aside from the philosophical issue of where is the best particular ministry to house that particular function as it relates to children, and there has been quite a lot of discussion back and forth as to which is or is not most appropriate, the difficulties that come to our attention are not related to that. They are related to the transitional period as the child moves from being a child in the care of a particular process and system, continues with some degree of difficulty in interface with the system and becomes an adult, at which point the interface will be with the mental health system that, by and large, is under the Ministry of Health.

I do not believe the issue is determining whether the box of children's mental health should be here under the Ministry of Health or here under Community and Social Services, I think the issue is whether the communication systems between the processes of the two ministries are sufficiently parallel and co-ordinated that they can operate in a synergistic way, as opposed to, as it sometimes seems and probably sometimes is, in an antagonistic way.

My opening comment indicated that I believe the current structure of the Ministry of Health, which is funding and line-oriented, is one kind of structure, and Mr. Archer uses that in his report quite extensively. The programmatic emphasis that is present in Community and Social Services is a nonsymmetrical organization structure, and those two have difficulty talking to each other. In order for that to function effectively, the Ministry of Health's structure must become somewhat more symmetrical to that of Community and Services, and that is our intention.

Mrs. O'Neill: If I could just go back, actually, to this morning, because I think you did not answer part of the question--and I had a relatively long question so I am not faulting that--when I suggested about these community health services, I was talking about the expectations in the community for those services as well. I am wondering what you are doing regarding judging the effectiveness of those now. We have had various descriptions of the kinds of housing, but are there some annual reviews that are standardized across the province regarding a specific service? How do we judge what is happening in all of these diverse communities?

Dr. Barkin: OK. I think I understand that portion of your question. I am sorry if I did not address it this morning. Debi, do you want to answer that?

Mrs. Mauro: It always comes down to resources, but on community mental health programs that are newly funded, each program goes through a two-year evaluation period. When they receive the funds at the end of the first year and throughout that first year, they develop objectives for their program with staff of the community mental health branch and work towards achieving the service they set out to establish. This is a process that develops over a two-year period. At the end of the two-year period, there is a final evaluation conducted by my staff members. During this evaluation, the staff talks with the program people, the consumers, the people who access the service, other service providers in the community, local planners and district health councils.

However, I see that more is required, longer-term, to have local planning bodies involved in ongoing evaluation to continually reassess and redefine and refine the programs as needs change. What perhaps was appropriate five years ago or 10 years ago may not be so appropriate today. Certainly we have seen that, for instance, in the housing area, since we talked about housing earlier. Initially, when we were involved in supportive housing programs, we were looking at, with local agencies, stand-alone, nonprofit, supportive housing programs, the problem being that most of them had a length of stay of, say, six to 12 months. Where does that individual go after six to 12 months? There were not a lot of options for them. We recognize that we have to shift in emphasis and look at long-term housing, self-contained units and building support services around that individual in that housing project.

There is an example where we are seeing a shift. We are constantly re-evaluating and projecting what is required for the future.

Mrs. O'Neill: If I may have one further question, we just very briefly this morning got onto psychogeriatric assessment. Is there some uniform assessment across the province regarding mental health for entry points, whether most of it is voluntary or involuntary? I guess I just do not know enough about mental health to know what kinds of assessments. Does that change from community to community or has the medical profession come to some conclusions about unified assessment procedures?

Dr. Barkin: I think the medical profession's approach in this area is about as unified as the medical profession ever gets on any diagnosis. There is no fixed, uniform standard in terms of community based activities. There is certainly a medical standard for diagnosis. The diagnosis of a particular condition is very much under the control of the medical standards, which are uniform throughout the province and throughout the country.

The other kind of assessment you are referring to is a functional assessment, which is different than the establishment of a diagnosis. One can establish the diagnosis, for example, of chronic schizophrenia. That will cover a tremendous spectrum of abilities and disabilities. The functional assessment of needs is, to a degree, subjective. There has not been very good standardization anywhere in the world on the subject, so we would not expect a standardization in Ontario, but reasonably sufficiently standardized by the general assessments of functional ability as opposed to pigeon-holing into a particular diagnostic category.

Functional ability means ability to care for oneself, need for supervision, a danger to oneself or others, ability to earn independently, whether vocational retraining could assist the individual. That is fairly uniform also across the province.

Mrs. O'Neill: You are happy with the entry point so to speak?

Dr. Barkin: No, I did not say I was happy with it. You asked two questions. You asked, "Is there a standard for it?" I said, "Yes, there is a standard for it." Am I happy with the entry point? No, I am not happy with the entry point. The reason I am not happy with the entry point is that sometimes it is difficult, because of the nature of the condition of the very client you are trying to serve, for that client to get into the entry point. If that client sometimes could find the entry point, he would not need the entry point, if you understand what I mean. The ability of finding the client, dealing with him, getting him into the right system is not as perfect as it could be. I certainly agree with that.

Mrs. O'Neill: Thank you very much.

Mr. R. F. Johnston: I will ask just a couple of things now. Mr. Jackson and I unfortunately have to go off around the select committee on education and will be coming back.

As a grizzled vet around mental health issues in the Legislature, and I am not speaking about the mental health issues of the legislators, but of the standing committee on social development, usually, so many of these things are just so--

Mr. Ballinger: Look at Sam when you say that.

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Mr. R. F. Johnston: They basically raise memories of times past. It scares the dickens out of me when I hear the possibility that the Ministry of Health might take over children's mental health again. As a new member, I would ask you to read why, in 1977, the decision was made to take it out of the hands of Health and put it into the Ministry of Community and Social Services. It would be very interesting.

I suggest to this committee that it should consider that, coming out of the auditor's report, there is a real need for a committee of this Legislature, whether it is this one or social development, to do a real study of where we are at in terms of community mental health across the province and to do a comparison between what is being done for teenagers in Community and Social Services and the style of treatment that is proposed there and the emphasis on institutions or on community programs there compared with what is happening for adults in the Ministry of Health. That would be a very worthwhile study for a committee of this Legislature to do.

I would just like to comment as well that I am very pleased to hear that there is finally going to be an organizational change in Health in terms of looking at a programmatic model. This whole notion of these two ministries not talking to each other is a great tradition of turf war which has been going on for generations here, long before I was elected nine years ago. I think one of the real problems has been two very different organizational structures. If that can be changed, and I would suggest it should be Health's organizational structure that changes, then maybe there would be more capacity to deal with that difficult age group, adolescence, when it moves over to Health's responsibilities.

There is something I wanted to ask, and I gather it was not dealt with this morning, and that is the definition of competency, which is at the heart of the last comments made in the previous member's questions. The entry point problems and the re-entry into the system of schizophrenics and that kind of thing have become a problem now after the last changes to the Mental Health Act. After having a whole series of changes to the Mental Health Act last year, it is now a problem of defining what is competency. That is the nub of it.

There is supposedly a committee that is out there working on all this, or there was going to be a committee struck to deal with this. I am wondering where it is at and when we are going to see something. I do not think there is a member on this committee or in this Legislature who does not at some point or other in his constituency office, as I had just last night, get calls or letters from families of schizophrenics who find they cannot get a person in real need of treatment back in for treatment. They are blaming it on the new act. I blame it on the fact that we have not dealt with the realities of the new act in terms of trying to come up with a better definition of who is competent and who is not competent. Where is all that at?

Dr. Barkin: Since this is a medical decision, the minister asked for a group to develop an expert committee to advise her on assisting the profession in dealing with the question of competence. What we discovered, at least what I discovered, having only recently arrived on the scene and consulted with the profession that is responsible for dealing with that, is that there was an initial hostile reaction from the profession, particularly the psychiatrists, who felt that the heavy hand of the Legislature had interposed itself between the doctor and the patient. I alluded to that this morning when we discussed some of the background of morale in the area.

After that particular reaction faded and people began to then read the legislation carefully, they came down to exactly what you have described, which is that the issue really comes down to, when is an individual competent and when is an individual incompetent, since, as you know, the legislation revolves around the equation of voluntary-involuntary, competence-incompetence.

What we discovered is that there is not a well agreed-upon standard. Although the word was used in the Legislature, we were using a word that had no clear agreement on its definition among the profession as a whole charged with living under that legislation.

Under the circumstances, and in an environment that I would interpret as generally not friendly towards that kind of legislation, the tendency for the profession, in its first reaction, has been to react on the side of, "If you stick your nose in my business, I am not going to get involved with yours," kind of thing. I think that is becoming more reasonable as time passes, and I believe the minister will favour an expert committee to write guidelines that can be used both for the profession and in undergraduate and postgraduate training programs, to assist them to live within this act.

I think there is a fundamental question, however, that I cannot answer at this stage; that is, whether the intent of the act, which was to preserve a balance between freedoms and needs-to-be treatment, struck that balance at the right point. I cannot answer that at this stage. I know there is a very hot issue around it.

Mr. R. F. Johnston: I am not asking the question. I think you did, but the problem, it sounds to me, is that nothing has happened since. Are you telling me that there is no committee meeting regularly at the moment to sort this out and that you think the minister is going to look favourably upon a group of medical people dealing with this?

Dr. Barkin: The minister, as I now understand it, has advising her an expert committee, which is dealing with that issue of assisting in developing a definition of the word "competent."

Mr. R. F. Johnston: They are now doing that now?

Dr. Barkin: What has happened is that committee has not had an official stamp put on it. They are a group of expert physicians who are there trying to develop some guidelines, which eventually have to go through acceptance by the larger community of physicians as well. That has turned out to be not as easy a definition as one might think.

Mr. R. F. Johnston: No, and I do not think anybody really thought it was going to be easy. The difficulty in the past is that in point of fact there was a working definition of competence which was used by professionals in a really broad interpretation, no matter where you were or which profession, in the past. But the ability to abrogate civil rights was such that you never really had to worry about that definition in the old act.

Now what is clear is that unless you are incompetent, you have the same civil rights as everybody else in this room, whether they are competent or not. That was what the change was; and here we are, almost a year after we passed that thing, and we do not have a formal committee established or deadlines by which it is going to come through with regulations, either in terms of the definition or in terms of the training in schools we are talking about at this point.

Dr. Barkin: I do not have any deadlines on them. I do know there are two other committee reports, which impact on the process, that one had to wait for. One is the report, which was just tabled this week, on advocacy. The other report that has been out there and looked at is the whole question of substitute decision-making. It is very difficult to deal with the one issue of competence, in its definition, in the absence of correlating it with the impact of those two other processes and what happens with them. There is an interdependence, as you can see, between substitute decision-making, the resources in the province for dealing with substitute decision-making and the point at which that definition of competence clicks in.

Mr. R. F. Johnston: Given how troublesome this is, in personally tragic terms, for families all around the province, it is just disturbing to me that we do not have anything official happening with some time lines that have been established. I find that hard to believe.

Dr. Barkin: Mr. Corder, do you have any more information on this?

Mr. Corder: I think one of the problems the minister faces, with the expert advice coming from the physicians, where there really is not any agreement, is she is waiting to look at these two reports Dr. Barkin talked about before she adjudicates just how this really should be handled.

It is very difficult. If you take a look at the experts in the field, there are not very many out there. There are a few ethicists from some of the health science centres. There are some consumers who perhaps have an interest in it. But really, how you address the part that deals with the professionals is really very complex because they seem to be the people in our system who will have to adjudicate it.

Mr. Pouliot: Not as difficult as for the people waiting for the matter to be--

Mr. Corder: I understand. I am not trying to rationalize. I am as interested in that issue as you are because I recognize--

Mr. Pouliot: The future can last a long, long time.

Mr. R. F. Johnston: I do not want to argue the point. I am just disappointed to learn that at this stage we still are not as far ahead as I thought we should be at this stage, given how pressing the problem is.

The other thing I would like to get some idea from the ministry on, if Mr. Corder or somebody else has the information, is that I am struck by the large discrepancies between the quality of community programming provided in certain parts of the province with regard to other parts of the province. I am not even necessarily talking about the difference between the northern Ontario predicament of facilities and distance and all those kinds of things versus Metropolitan Toronto. But you can even look at places like Toronto, look at what is available in Scarborough versus what is available in the downtown core.

I wonder if you have any information for this committee in geographical terms and jurisdictional terms of the major discrepancies between what is available to you in home communities for mental health patients and ex-patients in various communities. How big are the discrepancies?

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It seems to me it is a question that hits the charter in terms of the right to service. If in Scarborough there are no residences, and if in Scarborough there are very few community programs, what is it like in other, smaller communities? This is a community of 450,000, for goodness' sake. I would like to see how dramatic those differences are, if you can lay that out for us--not today, necessarily, but to get that kind of information before us.

Dr. Barkin: I think some of that information can be extracted for you and I will have my officials give that to you. I have been looking at the regional disparity as it exists, based on the information that is available to us right now. We got into this discussion yesterday, dealing with the health service number and the Ontario health insurance plan. I would have to tell you that the information that is available to the ministry, or even extractable from available information at the ministry, is fairly narrow and is often misleading.

Just after taking office, I looked at statements made by the people in Hamilton-Wentworth that Hamilton-Wentworth generally had a different funding allocation from the Ministry of Health. So I tried to trace back that information from our district health council program. That information, if you looked at the dollar numbers that came forward, would look exactly as those

people indicate that it would. You look at the budgets of the hospitals in the area and you look at the physicians' billings in the area on a geographic basis and you come up with a number. Then you divide that by the population served and you get a dollar value per population served. Then you take a look at that in Metropolitan Toronto, Kingston or North Bay or what have you, and you get different numbers.

Mr. R. F. Johnston: The one thing that I do not want you to do is the money comparison. I am not interested in the money comparison as much as I am in the programmatic comparison. That is what I am referring to.

Dr. Barkin: The differences in availability of programs in different areas? I do not think I would be able to do that today at all. I think it would take us some time to do that. I think that is worth doing.

Mr. R. F. Johnston: I just think, for the committee to understand--

Dr. Barkin: My understanding is that Mr. Graham, who is chairing the Provincial Community Mental Health Committee, has been going from community to community and I hope and I understand that will include part of his report. Part of his report will indicate some significant differences in range and scope of services.

Mr. Chairman: If I might add a supplementary to what Mr. Johnston just asked, my own perspective, as one of the directors of one of those organizations, is not just whether or not a program is available, but also how long the waiting list is.

If you have people who are going to have to wait six months to get into your program, you really do not have a program, at least as far as they are concerned. It might be useful to get an analysis of that.

Dr. Barkin: I certainly agree, Mr. Chairman. Mrs. O'Neill raised the question of how one evaluates and Debi answered the efficiency valuation side, since we are here answering a question from the Provincial Auditor. But the evaluation of the adequacy of programs goes beyond the methodology which she has described. It includes district health council information that is provided to us, feedback that comes from local members who are close to the constituencies which they serve and which come to our attention, as well as the kinds of information which you have provided. What is the size of a waiting list of people waiting? What are the resources available in a particular area?

There are many ways of evaluating the adequacy of a particular service in a particular region.

Mr. Chairman: Mr. Pouliot?

Mr. Pouliot: I have no question.

Mr. Chairman: Oh, fine, I am sorry. I thought you did, since you have acted in the chair and you were on the list. Mr. Cureatz?

Mr. Cureatz: I was interested in the comments of the clubhouse model, to begin with the psychiatric. I believe you mentioned that.

Mrs. Mauro: Yes.

Mr. Cureatz: Is working in housing units going to be an attempt to create a small, working, diverse community of various residential structures, with the housing units different from the clubhouse model?

Mrs. Mauro: What I was describing was that you have a central point or a focal program like the clubhouse where the residents are members, but feeding from that model, you would have housing linked to it so the individual would not have to go to another program to access a housing unit. It would be all-encompassing and be a full range of services linked to that clubhouse model.

Mr. Cureatz: Then in conjunction with that, are the capital expenditures going to be such that that accommodation will be met, I suppose, in terms of either renovations or totally new buildings? What is the mix there? Are you familiar with the mix that will take place?

Mrs. Mauro: What has been happening of late is we are accessing, or the community programs are accessing, the Ministry of Housing program units, Project 3000 that I talked about earlier today. In essence, the Ministry of Housing provides the capital for the actual renovation or building of those housing units and then the Ministry of Health provides the program support dollars to the community agency to hire case managers, rehabilitation workers, etc., to support that housing project. That is how it would work.

Mr. Cureatz: But the housing project is going to be on the site?

Mrs. Mauro: No, not necessarily.

Mr. Cureatz: I see. I misunderstood that.

Mrs. Mauro: No. In Whitby there is one central building, a clubhouse model, a location where people come like any club. But the housing units would be located throughout that community, in this case, in the town of Whitby.

Mr. Cureatz: In conjunction with that, I am wondering about the cost of transportation involved. You are familiar with the site. As lovely as it is, it is isolated. I see nothing in the auditor's report--I guess that is too much of a detail for the auditor--but what kind of accommodation is made in terms of transportation from the housing units in the community to the central clubhouse?

Mrs. Mauro: Okay. Perhaps I was not clear. The clubhouse model would be located in the town of Whitby, not on the Whitby Psychiatric Hospital site.

Mr. Cureatz: So they would access the present transportation.

Mrs. Mauro: Most of those individuals would be living in the town. In some cases, these individuals are on social assistance and therefore they have moneys available to purchase bus tickets, etc.

Mr. Cureatz: All right. What about transportation, or are you in need of transportation for patients that will be at the new facility at Whitby Psychiatric Hospital?

Mrs. Mauro: This program would concentrate on individuals living in the community. Individuals in the hospital would have programs available to them within the hospital.

Mr. Cureatz: So there may not be that need for transportation?

Mrs. Mauro: Hopefully, they would only be hospitalized for that period of time to get their illness under control, in that acute phase, and then as soon as possible put back into their community with those support systems in place.

Mr. Cureatz: I do not mean to be concentrating on Whitby Psychiatric, but it is my understanding--and I think you indicated, or someone earlier this morning--that it is the focal point for that portion of Ontario if not Metro Toronto or the northeast section of Metro up to Barrie and then over to, I do not think as far as Kingston, maybe it is Belleville. That is the area that it encompasses? Victoria county?

Mr. Drazin: Victoria county.

Mr. Cureatz: I suppose one cannot very easily point one's finger in terms of what you presently have at Whitby site--the older buildings, the programs available and what you hope to eventually accomplish--if there is indeed a balancing off in funds so that the expenditures you are making now at the present facilities and programs are going to be more or greater with the final new facilities and then the manipulation of the various programs?

Dr. Barkin: I think I understand your question. I think Mr. Corder can answer that. It is a question of balancing off current expenditures and programs with what are likely to be the future expenditures when the best of all possible worlds occurs there.

Mr. Cureatz: Yes. That is right.

Mr. Corder: Based on the predictions that we undertook when we put forward the documents relating to the rebuilding of Whitby Psychiatric Hospital, we suggested that based on the current year costs, the cost of running a downsized hospital would not be less, because the introduction of new programs would take up the slack and therefore we did not anticipate it would cost us less to run the Whitby Psychiatric Hospital. We felt they would probably be constant.

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Mr. Cureatz: Sorry, you felt it would be--

Mr. Corder: In today's dollars, it would be constant and then inflation comes in.

Mr. Cureatz: In essence, you might not be saving, but in terms of the better facilities and upgraded programs, we might be accomplishing something on that side of it.

Mr. Corder: You would be getting more for the same dollar as opposed to less for less dollars.

Mr. Cureatz: You mentioned that it would appear that everything is on program for Whitby Psychiatric in terms of--

Dr. Barkin: Yes, in the ministry.

Mr. Cureatz: What stage was that? I do not think we actually mentioned that.

Dr. Barkin: Functional programming out to tender, 38 replies received. They have just come in. They will be evaluated and the contract let to the appropriate group by May for functional programming.

Mr. Cureatz: When you say functional programming, are those programs for the residents or the capital expenditure?

Dr. Barkin: The functional program defines the program for the inpatient care. After one defines the programs and the interrelationships of those programs, that is the kind of instruction you hand over to an architect to design a purpose-built building. It is part of the requirement before you build a building to know what it is you expect to do in the building so that the building can serve that purpose.

Mr. Cureatz: There was a time period--five years rings a bell, or am I off on that--when this will finally all unfold?

Dr. Barkin: David, what is our time projection now?

Mr. Cureatz: Maybe it is longer. I think it is longer.

Mr. Corder: I think we talked about a five- to eight-year time period. There was anticipation we would be try to get a shovel in the ground within four to five years, but it will probably take about eight years to realize the building.

Dr. Barkin: In the meantime, I should add that the community-based programming effort is ready to go right now. It should be out within the next month.

Mr. Cureatz: And you would not be in a position to say whether buildings will be demolished or not. I guess that is dependent on what an architect will eventually come forward with what can be salvaged or not.

Dr. Barkin: We have already identified in the Ministry of Health that there are some surplus lands there, some of which have buildings and some not, that could be considered in the overall government pool of land available for affordable housing.

Mr. Cureatz: That is news. That is interesting and good. It is worth while.

Mr. Chairman: Mr. Pouliot, was that a supplementary you wanted?

Mr. Pouliot: No, I wished to go back, with respect, to something that was raised this morning.

Mr. Chairman: Mr. Adams is on the list and then I will recognize you.

Mr. Adams: As we move to this community-based care across the board, I guess the district health councils become more important. Are you satisfied with the way the district health councils are operating in the mental health area?

Dr. Barkin: No, in a word. It is not that they are not diligent in the area. I do not think we have a sufficient information base for them to give us good advice in their areas and they are having to deal with a lot of anecdotal information and a lot of sense of personal pressure that is brought to bear on the district health council. We really do not have good numerical information to assist regional planning at this stage, largely because people move in and out of districts. They move out of districts a particular district health council has, depending on the level of care they need.

Mr. Adams: Is there much you can do about that?

Dr. Barkin: I think there is much happening about that already. I think district health councils are developing other ways of detecting information in their particular catch basins from canvassing the various health care delivery institutions, looking at the number of visits and identifying local pressures.

Generally speaking, in the instructions to district health councils for this go-around in identifying priorities, the district health councils were given two priorities. First, priority was to be given to community-based programming generally and they were to focus on that. Second, they were to focus on programs which provided and were based on interinstitutional co-operation if they were institutionally based.

Mr. Adams: I was wondering about the question of things being, let us say, fashionable or urgent. Those are perhaps not the right words, but it seems that at the local level in prioritizing things, both of those are significant. Something is fashionable, sort of with it, with the one route; the other is that it appears immediately very urgent, and this pushes things up to a high level in the community. But you stand back a bit, you look and you see the priorities rather differently. That is why I asked particularly about mental health.

Dr. Barkin: I think I understand your question a little better. The Graham group, which is the advisory group to the minister on community and mental health, has, as one of its mandates, to give a framework of principles in the area of community mental health for planning to the district health councils. So we hope that as a result of Graham's efforts, the DHCs will have a much better information base and structure from which to advise us.

Second, there is now a management information system in the process of development for community mental health. It is in the testing phase and we expect it to be operational by April-May 1988, and that will also be a source of information on community mental health resources and their utilization. The idea of detecting where the patients are going in all of this is a little more problematic because patients move in and out of districts.

Mr. Pouliot: I want to go back to the residential care alternative that was briefly raised this morning. More specifically, the recent study will attest that some 10 per cent of residential-care homes do not satisfy the requirements mainly in terms of the Fire Marshals Act. Are those homes still in operation, to your knowledge?

Dr. Barkin: Mr. Corder.

Mr. Corder: You are talking about the licensing procedure for the homes for special care, and I will let Mrs. Mauro give you more detail.

Mr. Corder: You know the responsibility for doing the environmental inspections lie with the local public health units and the fire inspections lie with the local fire departments. Quite often the licence is deemed to have lapsed when they have a minor fire safety thing, like they have not got an exit sign up. They have to wait until it is up and the fire marshal goes back out and says the sign is now up. Sometimes that may take two or three months. In fact, sometimes it takes 10, depending on the nature of the violation. But no licence is issued unless the home is in compliance.

I believe during the year in question there was about 10 per cent. Indeed, the Minister of Health asked the same question you did. A very detailed briefing was provided about the areas of noncompliance and why this 10 per cent delay. That is really what it is about. All of the homes eventually, in the year in question, got their licence.

Mr. Pouliot: Therefore, I would be right that the logical conclusion is that the violations, or the cause for violations, would have been rectified.

Mr. Corder: By the end of the year, they would have been rectified.

Mr. Pouliot: Otherwise, obviously they would not be in operation.

Mr. Corder: That is correct.

Mr. Pouliot: But before that transition took place, from being outside the guidelines to being within, I assume all patients in every one of those homes were notified that in some instances they could have been living in a firetrap.

I do not wish to catastrophize. We would wish to have our relatives, our spouse or our mum and dad notified that they are living in a place that was a fire hazard, would we not?

Dr. Barkin: If there was a substantive problem, I would imagine some action would have been taken. Most of these problems, and I was present at this briefing which Mr. Corder refers to, were a question that some resident had broken the sign and the light bulb was out on the exit sign and therefore they were not in compliance. Until they are in compliance, the licence is not issued. I do not think there were substantive things such as you have described where there was great hazard to anyone's life or limb at that moment.

Mr. Chairman: Only a supplementary then.

Mr. Pouliot: Yes, but it is important because I was waiting for the answer. People have so much to be say on this matter. The one comment from the auditor was that nevertheless, because of the shortage of housing alternatives, they were allowed to continue operation.

It is like pulling teeth. This is the obvious response. You read this report.

Dr. Barkin: I read the report and I recognize the shortage of available housing is a factor.

Mr. Pouliot: That is what I want to know.

Dr. Barkin: If you are asking me to substantiate the auditor's comment, I certainly would substantiate it.

Mr. Pouliot: I am not a child. I do not want to know about the missing light bulb outside. The crux of the matter is that those places should never have been issued a licence of operation. They were tolerated because you do not have the funding to do a better job and seek alternatives. That is the reason. That is what the auditor found.

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Mr. Corder: Mr. Chairman, may I make a comment?

Mr. Pouliot: I am just here to get answers. I am a novice at this.

Mr. Corder: I have had extensive discussions with the Provincial Auditor's office, and that is one area of the report where we did not understand why that comment was made. That is not the reason those homes were kept in operation. That explanation was provided. I agree there is a shortage of housing out there. But these people have been in those facilities for years and years. It was because the sign was not up, the light was not in. If there was a serious problem in any one of those homes, the home would have been closed, categorically.

Mr. Chairman: Analogously, though, the standing committee on the Ombudsman visited a Ministry of Health subsidized facility, albeit not necessarily for ex-psychiatric patients, in either Mr. Pouliot's riding or Mr. Fontaine's riding, one of the northern ridings. There were third-floor walk-ups, wooden buildings, people in wheelchairs on the third floor. It had been condemned by the fire marshal four or five times. You cannot tell me there are not buildings like that around the province.

Mr. Corder: I understand that. I guarantee you in the homes for special care that is not the case.

Mr. Chairman: That is where it was. It was Port Severn.

Mr. Pouliot: No, it is not likely to happen at Port Severn, with respect, Mr. Chairman, because in Port Severn there are not any.

Mr. Chairman: It was one of those northern communities.

Mr. Corder: I guarantee you it was not a home for special care that had the licence, as was the question here. I do not want in any way to indicate that we do not need housing, but in my opinion, that is not the reason these homes have this 10 per cent problem. It related to noncompliance, and it was nonconcompliance of a nature that could be rectified.

I could bring all the reports to show you. As you know, prior to the local people doing it, we put it out to a consulting firm, and those documents are available.

Mr. Chairman: I wonder if the auditor wishes to comment on that.

Mr. Archer: What seems to be at issue here is whether the fire marshal's requirements are too stringent. All we are saying here is that in 10 per cent or 25 of these cases the violation was of such magnitude under the fire marshal's regulations that they were deemed unfit to have their licences renewed. Whether those violations were minor or strictly technical--

Dr. Barkin: With respect to the Provincial Auditor, I will accept the first half of the statement as being quite valid. If you take a snapshot at any point in time in the 12 months you may find a number of places that, upon their regular inspection, were not in conformity. The reply that we are giving is that by the end of the year, or by the next cycle around, we get them into compliance. All 10 per cent of the residential care settings described at that snapshot may not have been in compliance within two or three months. Certainly, for the balance of them by the end of the year, they were all in compliance and their licences were ultimately renewed.

At issue is the question of the motivation, imputed to either the Ministry of Health or the minister, in which the auditor has drawn a conclusion that, "Nevertheless, because of the shortage of housing alternatives, they were allowed to continue operations." With respect to the auditor, I do not think there is anything in his audit that allows him to draw that conclusion or to make that statement in his audit.

Mr. Archer: It seemed to us to be a logical conclusion in the circumstances.

Dr. Barkin: With respect, the auditor may make whatever logical conclusion he wishes. However, as a deputy minister answering for my ministry I cannot answer to a statement in which you impute motives to a minister that are not related to me. I cannot answer to this committee for those statements and I cannot be expected to answer to this committee for those statements.

Mr. Pouliot: It is an amazing thing, I think, that with Dr. Barkin's background--it is reserved for people with Latin backgrounds to become so animated.

Dr. Barkin: You do not know my background.

Mr. Pouliot: A few minutes ago we did not wish to speak on behalf of the fire marshal. It suited our purpose very fine. But now we have become a little touchy indeed. We have some documentation, not only from the auditor, aside from his mandate, that will attest, not only in your jurisdiction, but in all sorts of ways, about the reason why. It is not too hard. If you need more money, you need more money. You are doing the best you can, and you are in the right direction. The thing is, it is not enough. Schools are kept open in this province, and that kind of analogy or parallel has some validity. These do not always fill the requirements.

I was the reeve of a small municipality. Do you want to talk about hospitals that do not always fit the requirements, or seniors' homes? I could go on and on. You know that, I know that and the rest of the committee knows that.

Interjection

Mr. Pouliot: Yes, it is. I did not choose my questions in the right order. I should have waited for that. If you numb the patient, the tooth will come out easier.

My mom is in one of those homes, hypothetically, and surely she would have been notified, whether there is housing or not, and so on, and we know there was not. Now you cannot say this, but I can, under the umbrella that you did not wish to catastrophize and to have panic created. The thing is, the auditor, in his wisdom, said in his report, "Nevertheless, because of the shortage of housing," this is a logical conclusion.

I do not have any difficulty with this. There is a shortage of housing out there. Some of the units should be shut down, but they are kept operating. If you wish, I will go to your office next week and I will give you some violations, because the system has not been rectified. It has been allowed to be lived with. That is the point I wanted to make, no more, no less.

Mr. Dietsch: I would like to change a little bit of the direction in terms of addressing some of the planning and co-ordination of, I guess, not so much our previous role, but what we are doing in terms of planning and co-ordinating where we should be going. In relationship, my understanding is that the ministry is in the process of developing a community program, a community plan it hopes to have in place in the near future. Maybe you could give us some background on that plan, its timing and the time frame in which some of the things are going to be imposed.

Dr. Barkin: Yes, thank you for the question, I will be glad to elaborate on that. It is well known that the ministry is contemplating a reorganization, primarily to strengthen its role in community health. This was the issue of achieving the symmetry that I spoke of earlier between the Ministry of Health and the sister ministries with which we interact, including the Ministry of Housing, the Ministry of Municipal Affairs and the Ministry of Correctional Services.

The ministry's organization plans arise primarily out of the recommendations of the panel chaired by Dr. John Evans, who recommended that there were three important functions in the ministry: first, to sustain the individual, making that individual more responsible, and to help that individual become more responsible for maintaining his own health; second, to reinforce the community-based services; and, third, only as a court of last resort, to rely on the institutional sector.

The second part of the Evans panel recommendation was to develop the integration of these so that patients could flow in a continuum to the level of care that was required either within the ministry or in an adjacent or sister ministry, as we have discussed, as it applies to Community and Social Services. The ministry's proposed reorganization therefore recognizes those three lines and then proposes to develop, on top of those lines, the horizontal program of which our number one priority program is mental health, and that would involve a cross-ministry program that would have interministry linkages with the other sister ministries that relate to this.

We have consulted extensively with the various communities that would be affected by such a change, since, as we have indicated on other occasions, the ministry will not move without such a consultation process. We have met with a variety of organizations, including the Canadian Mental Health Association. Their various presidents from around Ontario were brought down to a meeting, and I met with them on a Saturday. I have met with the Ontario Friends of Schizophrenics. I have met with a variety of psychiatrists, the provincial psychiatric hospital sector, even a psychiatrist who, upon hearing the rumour, became very concerned and wrote a very strong letter which resulted in the article in the Globe and Mail. He has since written me his letter of congratulations on the structure and offered his support. So we are continuing the consultation process.

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I am becoming more and more satisfied that this is a very positive move and will be accepted as a positive move by all of the constituencies that will

be affected by it. We will put the program management in place, leaving the existing mental health on line until I am satisfied that it is functioning well, if I am totally satisfied that all the constituencies are on board. We will continue to evaluate this as we go along, but this is a very strong commitment. It began, as I indicated earlier, as a result of the request of the minister to see if we could develop a more effective structure within the ministry to relate to that.

Mr. Dietsch: Will that type of program develop? In your anticipation now, is it something that will require additional budget moneys? Is it something that rules out some duplication perhaps, if that is a proper term?

Dr. Barkin: We do not contemplate any significant change in the ministry operational budget as a result of the change. What we do contemplate is considerable increase in the effectiveness of how that budget is deployed. I say that, however, against the background that the Premier has announced, and we have projected delivering on that commitment, a doubling of the funding that is directed towards the community mental health services, from the \$65-million annual base that was present when he made the announcement to an estimated \$130 million by 1989-90.

Mrs. O'Neill: If I may, you have just said that mental health is the number one priority. Did I hear that correctly?

Dr. Barkin: For the program management, yes.

Mrs. O'Neill: Is that for this year? What kind of projections are we talking about?

Dr. Barkin: I hope to have that program in place within the next two or three months.

Mrs. O'Neill: You suggested that it will not require much new funding. It is strictly a redirection of resources.

Dr. Barkin: Existing funds, not new funding from an administrative sense, but I qualify that by saying yes, there will be much new funding in the actual community mental health programs which will be served by that. What I hope is that we will get a far bigger bang for those dollars if the ministry has a program management function in place that is symmetrical with that which is in place in other ministries and with which it can interact in a more co-ordinated way.

Mrs. O'Neill: Do you feel that fact is well known in the communities? You said that the professional communities are becoming more aware. Do you think it is known broadly, even by the medical profession, that this is becoming a real top priority here?

Dr. Barkin: Is it known? I do not know if it is known. I suspect it is becoming fairly well known, based on the amount of travelling and speaking with the various groups that I have been doing in order to complete the consultation process.

This started out as a proposal, and before we moved ahead with the proposal, it was necessary to touch base in small groups with the people who might be affected by that proposal. I have, as I said, talked at great length with a wide variety of people, primarily at the community-based level but also

at the professional level. We have talked to the chairmen of psychiatry of the health science centres and we have talked to child psychiatrists in Ontario. I cannot remember all the groups that we have gone to, but it is quite a substantive list. I would say that information is getting out there.

When we are ready to make the change, it will be in an environment where there has been plenty of consultation and plenty of time for people to react.

Mrs. O'Neill: Have you got some kind of a fact sheet or something stating that this stuff is happening that we, as members, could use? Simply stated, we do get, at least in my office, and I am sure in others, quite a bit of inquiry in this area. I do not have that kind of up to date.

Dr. Barkin: We have not formulated a fact sheet, since at the moment we have not determined for a fact that we are going to do this. We have it out as a proposal and I am more or less certain we are going to get there. I have had some reservations expressed that we have been able to answer and deal with, and I am delighted that Mr. Graham, Mr. Richardson, who is the executive director of the Canadian Mental Health Association, and a psychiatrist whom we have asked to be seconded to us for a short period of time are working with us to develop the actual terms of reference of that. As soon as that is done and before we implement it, I will certainly provide a fact sheet and also make people available to explain verbally, because sometimes fact sheets are not enough, to re-emphasize the commitment the ministry has in this area.

Mrs. O'Neill: I presume you will have someone in each region who will be able to work.

Dr. Barkin: We will have all of our area planning co-ordinators up to scratch on this, yes, absolutely.

Mrs. O'Neill: Thank you very much. I think there is a sign of hopefulness there.

Dr. Barkin: That is the feedback we are getting too. In fact, now I am getting the opposite feedback from before. Before I heard, "Take it easy and go slow." Now I am getting letters saying, "What is taking you so long?" which is, I think, the gist of your comment too.

Mr. Ballinger: I want to go back to "Residential Care a Poor Alternative." It is not my position to defend the deputy. He seems quite capable of defending himself. I want to address my comment to Mr. Archer.

I was going to let it pass. I wish Gilles was here, because it seems to me, in the short time that I have been involved around here, that when the Provincial Auditor's report comes out, it makes headlines and makes good reading in the local papers for about a week about everything that is wrong with the government. Then when we are here dissecting it page by page, there is no press, which I always find amusing in this process. I guess they have already sold their papers.

Mr. Chairman: We had a lot of press yesterday.

Mr. Ballinger: We had a lot of press yesterday. They stayed for 10 minutes, got some kind of story about \$50 million for the Ontario health insurance plan and then disappeared.

I really think the deputy touched on something. As a former mayor of a municipality, I think I know very well the licensing process. I want to address my comments with respect to the last part of the paragraph. It says, "Nevertheless, because of the shortage of housing alternatives, they were allowed to continue operations."

Was there an in-depth audit done on the nature of the violations under the Fire Marshals Act?

Mr. Archer: No, there was not.

Mr. Ballinger: Then I think the deputy minister's point that it could have been a light bulb is a very interesting one, because it could well have been.

Mr. Archer: We concede that it could have been. Whatever it was, it was sufficient that they would not renew their licence.

Mr. Ballinger: Until such time--

Mr. Archer: You are arguing the stringency of the fire marshal's regulations. Maybe they are too stringent. We did not go into that aspect.

Mr. Ballinger: Do you not feel that is a tremendous supposition, that the reason they were allowed to continue was the shortage of housing? That is a heck of a statement for you to make.

Mr. Archer: It seems logical to us in the circumstances. What other reason might there be?

Mr. Ballinger: There could have been a couple of reasons. One, they usually give you a time frame to do that. They usually give you 30 days or 60 days or 90 days to replace whatever is deficient in the process. It would appear to me that should be part of the examination process. You, as the auditor, should critically look, not only from the point of view of trying to presuppose why the licences were revoked but, in fact, that there may be a logical reason.

Mr. Archer: Can you comment any further on that, Gary?

Mr. Peall: No. I can only say I do not recall any examples that were actually life-threatening. Had there been, we would have reported them as such. I think that is safe to say. Whether they were all as simple as a light bulb, I cannot say for sure. I do not know for a fact when they were all rectified. I cannot say how long each one was outstanding. I do not have those facts at present.

Mr. Ballinger: The thing I find most interesting of all is that we are talking about human beings here. We are talking about a very emotional issue. Like Gilles--it is great--I could stand here and become extremely emotional about some individual.

Mr. Cureatz: But you are government.

Mr. Ballinger: Sure I can. I guess you have to be fair in the analytical process on both sides of the coin.

Mr. Archer: Part of the fairness aspect of this was the discussion of our findings at the end of the audit with the ministry, which is usually followed up by a written return response to our comments from the ministry. In this particular instance, I and my staff do not recall that this was an issue at the exit interview process, and we have not as yet received written response from the ministry. Today was the first time we found out that they took exception to that particular remark.

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Mr. Cureatz: Following along those lines, if I might, Mr. Chairman, and along Mr. Ballinger's questioning--

Mr. Chairman: I would like to let Mr. Corder respond to that, Mr. Cureatz.

Mr. Cureatz: It was along the same lines. Possibly his response might take my question into account.

Mr. Chairman: Mr. Corder, I think, wanted to comment on the auditor's last comment.

Mr. Corder: Yes, there are two comments I would like to make.

First, regarding the licensing process, the statement in the report implies that we just let the licences carry on and the people just continue to be there. Indeed, the terms of the legislation state that unless the licence is revoked, it is deemed to continue. We did not believe the violations were of such a nature, because of times of compliance, that the licence should be revoked. We have on many occasions revoked licences when they were of a serious nature, as you have recently read in some of the press.

On the other hand, we met six hours with the Provincial Auditor's people, going over every line of this report, and that issue was addressed. The problem relating to the availability of housing vis-à-vis the licensing was addressed. I do have the comments from that meeting and I could go over them again. We have not officially responded to that report yet, but we did meet unofficially for six hours with the people from the Provincial Auditor's office. I believe there were four or five of the Provincial Auditor's people there and about five of my people.

Mr. Peall: I acknowledge that we had the meeting, definitely, and that the subject matter was discussed throughout the report. I do not recall the specific comments on this particular point. I know amendments were made throughout the report as a result of our meeting. I am just acknowledging that we took into account whatever we thought appropriate as the result of that meeting.

Mr. Chairman: Mr. Ballinger, are you continuing your questioning?

Mr. Ballinger: No, I am fine. I was going to let it pass, but it always looks like we versus they. I remember the first thing I said to you: "Who audits you?" Remember that first day I was here? I thought maybe I would just refer to your role.

Interjection: Who audits the auditor of the auditor? We have got that circle going.

Mr. Cureatz: You have just missed it all, Mr. Pouliot. I will have to go over the whole thing again.

I suppose your comment is really going to the fact that it is dollars that maybe could have been better spent. Is that what the point is? You are not really making a comment. It is not black and white. You are saying that, because of shortage of housing alternatives--to me that is the obiter. Your real comment is that with respect to the funds expended by the Ministry of Health, you were not getting the best for the dollar. Is that what you are really saying?

In your position as auditor, you are not the watchdog in terms of running around and seeing whether the facility should or should not be opened or closed. You are really looking at the dollars.

Mr. Archer: That is right.

Mr. Cureatz: Your response is yes, that is right. Your statement really pertains to the fact that the ministry could probably, in 10 per cent of the cases, have got better services for the money it was spending.

Mr. Archer: No. I do not think so much that. To our mind, the way we logically concluded, it seemed to us that was just further support, a further example, a further demonstration of the shortage of adequate facilities in the community, the fact that they had these licensing requirements in which, under ideal circumstances, they would have closed down the institution until it had been rectified, but just allowed to continue because it was the best of the two evils.

Mr. Cureatz: I was reprimanded by the chairman this morning, trying to focus my attention in terms of the auditor's report. I was under the impression that your job was to look at the monetary expenditures of the various ministries and point out deficiencies. It seems to me you could have gone one step further in pointing out the possible policy area that has been negligent and that the ministry should be re-examining its policy position with regard to the fire marshal's requirements and whether those rules are too stringent or not.

You are shaking your head; you are saying no. It looks like it to me. Should we not be talking dollars and not philosophically and logically? I guess I am now defending the ministry here. What am I doing?

Mr. Ballinger: It will make up for you this morning.

Mr. Cureatz: This morning, that is right. I say to the member for Durham-York (Mr. Ballinger), you asked me who audits the auditor? I think it a good question. Are you allowed just to make these ad hoc statements? You have, I guess. You do not feel it is ad hoc; they think it is.

To my mind, as an auditor, he is not supposed to do that. The way you could have done it is by saying: "Too bad. They should have got better services for the dollar spent." But you did not say that. I asked, "Is that what you meant?" You said, "No." You actually meant what you said. Now I am really dumfounded.

Do you have under your legislation the authority to do that? Do you feel comfortable about doing that? Do you do it in other places? I guess we will find out later.

Mr. Archer: I do not think all of the auditor's comments have to be monetarily related. In fact, in many of our comments over the years, not just since we had the value for money audit mandate, but from the beginning of time the auditor has always commented on compliance matters where they are told to comply with a manual of administration or a policy directive or a government regulation, or whatever. But there may have been no monetary loss involved. They just did not do something they said they were going to do. That is traditional auditing for the past 100 years.

I do not think there is anything new in this type of operation. What is new in this overall review is that auditors are going farther than they used to. They are looking at the adequacy with which the various segments of the government are being managed in their view. Again, you get the auditor's view versus the ministry's view in many cases, and they do not agree. Throughout the report, you will probably find a half a dozen such situations where we will say one thing and the minister's response will come back and disagree with it.

This normally would have been the case in this instance had the timing allowed us to put the ministry's response in the Weiler report. But because we were not able to do that, then the difference of opinion did not surface until just this afternoon.

Mr. Adams: Actually, I was interested in that discussion because I was quite surprised, reading the auditor's first report, at the extent to which it was not simply dollars and cents. I was quite impressed by that. The part which is interesting is the order to the standing committees, of which we are one, and the way in which, in that section, the auditor's office gets into what they say is the spirit rather than the actual letter of what standing committees are to do.

I find that very interesting. In the end he gets back to dollars and cents and whether it is worth our time and energy which is represented by money. So what I thought I would do is move away a little bit from the letter of the auditor's report to the spirit of it. This has to do with preventive health, which was mentioned in the speech from the throne, as you know, Dr. Barkin, and which the auditor, I am sure, would agree is potentially an economical way of dealing with some of the problems we are facing here. I suspect that you would agree if we can prevent problems, that is the way to go.

Are you doing much in the preventive health area for mental health? Are there other things that we could be doing?

Dr. Barkin: Health promotion and preventive medicine are not quite the same; so I will have to define them first and deal with them one at a time.

Health promotion is promoting a state of health in the population at large and is not directed at any particular target group. Disease prevention is generally focused at a target group that would be benefited by having that particular preventive mode done, whether you are dealing with our information system on acquired immune deficiency syndrome or whether you are dealing with a particular vaccination of a particular age group.

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In the area of prevention, health promotion type, we worked very closely with community-based agencies to develop that program. We fund some of their programs. The key one for the ministry and the first major partnership of the

ministry with a community based agency has been its partnership with the Canadian Mental Health Association in developing a variety of programs. That has done a job not only in dealing with health promotion in the area, but also in changing public attitudes to mental health.

I think one of the most successful campaigns ever launched between the ministry and any other agency, and I say that having come very recently, was the campaign to remove the social stigma of mental illness that would facilitate rehabilitation and integration into communities and into workplaces.

In the area of actual prevention for target groups, there is a whole array of services done. Whether you are dealing with addiction, in which we are going at targeted groups, adolescents, children, dealing not only with addiction per se, but the use of alcohol or abuse of alcohol for high-risk groups; directing our attention at suicide prevention, for example, at specific target groups; directing some attention to developing support groups for both manic depressive support groups to help people before they get ill; developing a consent mechanism they can use for treatment--There is a whole spectrum of them.

You asked me to describe the spectrum and then you asked me to answer the question: Is there more that can be done in that area? There is no question that in the field of health promotion and disease prevention there is more that can be done. We have a lot of commitments in that area as a ministry.

More important I think is the role of the Premier's Council in dealing with that area. The Premier's Council recognized that in the field of disease prevention and health promotion we were going beyond the normal constituency of the Ministry of Health. That council brings together, for example, the Minister of Housing (Ms. Hosek), the Minister of the Environment (Mr. Bradley), the Minister of Community and Social Services (Mr. Sweeney), the Minister without Portfolio responsible for disabled persons (Mr. Mancini), the Minister without Portfolio responsible for senior citizens' affairs (Mrs. Wilson), the Chairman of the Management Board of Cabinet (Mr. Elston)--since he has a role to play; that has come up a number of times around here--plus the constituencies from around the province representing labour, management, health care workers, community based programs.

In developing that council, I think we recognized that health promotion is not just the Ministry of Health's responsibility. It is everyone's responsibility. Mobilizing that kind of attitude throughout society as a whole is certainly one of the mandates of that council.

Mr. Adams: One of the reasons I asked was that I am already aware that some of these support groups are not only much more active than others, but are much more sophisticated. I wondered if any thought had been given to multi-support-group seminars, conferences or whatever, so the experience of one group can rub off on another.

Dr. Barkin: We had two experiences in that way. Mr. Graham's committee, which I have referred to several times, is going to be developing some very comprehensive recommendations to us, and I have already touched base with him a couple of times and alluded to that.

The second committee, which I think deals with the issue you are addressing, was the committee headed by Steve Podborski, which we affectionately got to know as the Pod Squad around the Ministry of Health.

They went from community to community and what they identified is exactly what you have said. From the information they have gained from individual communities, we could develop, and that is one of the things our health promotions branch is developing, a resource base communities can use to build their own health promotion program.

A health promotion program a community builds on its own is generally far more effective than one you superimpose on it from outside. Strengthening that in communities is where our general policy is carrying us.

Mr. Adams: One more supplementary, Mr. Chairman. One of the reasons I asked was that we were given a breakdown of certain characteristics of psychiatric admissions, and they are broken down in various ways: marital status, education, referral sources, sex, type of admission and so on.

I was interested by some of the patterns. For example, overall there is 55 per cent male and 45 per cent female. I can imagine some of the reasons for that, but then if you look at the admissions to psychiatric hospitals and psychiatric units, you find that the difference between males and females switches. There are more females being admitted to psychiatric units and more males being admitted to psychiatric hospitals. If you look at the rest of the table you see patterns like that. I wondered if in preventive health it is possible to target, for example, males-females, age groups or whatever?

Dr. Barkin: It is possible to target, although not by the broad brushes you have described. I think we have targeted some very specific women's health issues that are not as well served as they might be and that is part of the program basis of many of the women's health centres the minister has approved of late, and some of the proposals that are now coming from community-based groups dealing with women's health are dealing with mental health issues. The stress of the working mother, the single parent, the discharged psychiatric patient and immigrant working women does not just take a toll in physical illness, it takes a toll in psychiatric disturbance. So that is part of the target, of the way we are dealing with target populations.

When I described the ministry's organization plans and described the programs management basis, the intention in that, though I did not go into the details, was to pick out what was identified to the ministry in the report on health goals by Dr. Spasoff. What that report said is that if you wanted to get the most effective use of the dollars spent, the ideal thing was to identify target populations whose health status you could measure and then move in to do whatever intervention could be recommended, whether it is health promotion, certain treatment facilities or counselling, and then continue to provide an ongoing measurement of their health status, which would then become, in my view, a much more effective report card on the Ministry of Health that this committee would end up auditing; that is, how much health are we getting for our dollar as opposed to what is our discharge rate is or what have you.

That was the second fundamental reason for looking at a new organization structure, program management, and then being able to measure, in your collective interests in assessing how effective we are, how well the Ministry of Health does in achieving an improvement in the health of Ontarians generally and for the specific groups that we would measure.

To that end, the ministry will shortly be moving to a large health status survey, which the Premier (Mr. Peterson) announced as part of his announcement on the health innovation fund, in order to give us a base line of

what the health status of Ontarians is generally and with some specific groups. Again, that would be, in my view, as effective and perhaps even a more effective audit of what you are getting for the dollars expended. We are very committed to developing that kind of outcome, a monitoring process against which ministry effectiveness should be audited. You call it our report card because that is what you will rate us on. You would give us an A or a B or a C, depending on what we set out.

Mrs. O'Neill: If I have listened to you correctly, you seem to feel that attitudes are really changing.

Dr. Barkin: Yes, I do.

Mrs. O'Neill: I have worked quite closely in my own community with the retarded, developmentally handicapped, suicide prevention, acquired immune deficiency syndrome--people who work with the AIDS group; I have not worked with AIDS patients as such--and I feel all of those groups have really done a lot to get their case before the public and have brought in great resources, such as volunteers and the educational system.

I cannot say I feel the same way about the mental health component, because I feel somehow, for instance, the labour area of the community, the employers, the unions, still have difficulty accepting, understanding and helping integration of mental health patients. I think families still have an awful lot of fears.

I know these are not easy problems. When I began working with suicide prevention, I thought that was going to be an absolutely impossible area to work in. Really, it has blossomed in many, many school boards and, I think, community groups in this province. I am very happy with the way that almost untouchable subject came forward.

I have been waiting--I have worked actually with the fringes of mental health since I was at university and I still feel very uncertain of how people are really understanding that whole area and how comfortable they feel. I do not know what you can say to make me feel better but I am looking for something that maybe I do not know about.

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Dr. Barkin: If I at least make one person feel better, I will have done the job as Deputy Minister of Health.

I think that actually what you have said should make you feel better because of the fact that these groups are now coming forward, that they do not feel so stigmatized that they lie in hiding. The families of such patients, who as recently as 10 or 15 years ago felt somehow ashamed as a result of having such a family member, now come forward with a sense not only of significance in the process but also of participation in the process. They want to participate. They have got over the angry part, and now they want to make the system work for them. To me that reflects that kind of changing attitude. That attitude is in fact changing.

I can remember when I first went into practice, 25 or 27 odd years ago, the kind of difficulties we had in bringing those things forward. I believe the ministry at this stage will be able to say quite clearly that it wants to make mental health its first priority for an integrated program, and people will stand up and cheer. If we had said that 20 years ago, we would have had

the cancer advocates and the infection advocates and a whole slew of other diseases from heart and stroke coming up and saying, "Hey, wait a minute, we are here."

I think attitudes have changed and the environment is such that it is timely for the ministry to react and move to the next plateau. I must say that the first change the ministry made in creating a line devoted to mental health, with David Corder now as its assistant deputy minister, was a salutary change by itself. That is not working against the process because it is kind of sitting out there by itself and it needs now to be integrated.

Community mental health programs, as was mentioned by Mr. Adams for example, are working in the same environment where we have community health programs, where we have medical officers of health dealing with health promotion in the schools and they are in different sections of the ministry. It is very difficult sometimes to bring them together. That kind of integration is what I was referring to as getting us a heck of a lot more value for the dollar that we are now expending without necessarily changing those dollars.

I think the attitudes are changing. Did I make a case?

Mrs. O'Neill: I think so.

Dr. Barkin: OK.

Mr. Chairman: Thank you. Are there any further questions at this point in time? I would like to have a subcommittee meeting for about five minutes after our hearings today. I have been told that one of the members who is tied up in another committee and who is very interested in this topic does have some questions for tomorrow morning. So I am going to have to ask you to come back tomorrow, and then later tomorrow we may be able to work on some ideas of what might go into the report on some of the things we have done this week.

Mr. Cureatz: Mr. Chairman, my colleague, who is also tied up on the other committee, indicated to me that he had hoped to be back an hour ago and he is not. I know he has some further questions. Am I right that you will be extending until tomorrow?

Mr. Chairman: We will be extending to at least tomorrow morning.

Mr. Cureatz: I do not have to panic then and tell him to get here.

Mr. Chairman: It is one of the problems when so many committees are meeting all at the same time.

Dr. Barkin: We were prepared for the two days, Mr. Chairman, and so we have that time marked out and we are at the committee's pleasure.

Mr. Chairman: We appreciate your co-operation. One question that I did want to ask, since the members have asked, is on the whole business of planning and co-ordination. The Provincial Auditor has stated that the staff workload in outpatient services is not known because there is no consistent definition of outpatient services. Do you want to comment on that criticism?

Dr. Barkin: Sorry, I do not remember this word for word. On what page is that? I have to see the context in which he mentions that.

Mr. Archer: First paragraph on page 90.

Dr. Barkin: This is within psychiatric hospital outpatient facilities. That is what I wanted to clear up. I will have to ask Theresa to answer that, because the workload management systems in the psychiatric hospitals has been undergoing a steady change since this report was filed. Theresa, can you address that?

Mrs. Firestone: We have been going through a fairly lengthy process over the last few years trying to implement a management information system in the 10 facilities. The information system is now in place in all 10 facilities and operational in eight. The other two should be completed within a month.

The outpatient statistics are a particularly difficult problem because of the definition as outlined in the report. The problem relates to the amount of time spent on outpatients. For example, there is a difference between outpatients who come to the hospital to attend programs and outpatients who are visited out in their homes or in community clinics.

We struggled for some time at the ministry in our implementation committee on the management information system, trying to sort out the best way to capture those statistics. We are getting close to a good definition. I hope that the matter will be resolved and that, in the long run, we will have consistent statistics on outpatients that we can use for comparative purposes and for analysis purposes.

Mr. Chairman: The hospitals then would be in a position to computerize that into your system.

Mrs. Firestone: It is in the process of being computerized.

Mr. Chairman: The other claim was that readmission and referral information is presently collected but is not used in the planning process. Is that your understanding? It is the same section.

Dr. Barkin: Oh, yes. I think that is again in the management information system that has been put in place since then. I think the auditor's statement at that time is correct for that time and the remedial steps to capture that information and use it in the planning process have been put in place.

I think what is more germane to the overall planning process, since that paragraph is under a heading that deals with them--and that is what I had to check--within psychiatric hospitals, it would be my position generally, from a policy point of view, that planning for mental health services should not be done within any one of these sectors in isolation from the others. You would need to collect aggregate information from the psychiatric hospitals, the general hospitals and the community-based load, and that is a more effective planning database.

If we planned based only on the provincial psychiatric hospitals database and its movement, you would have to accept the assumption that you were accepting that their role is fossilized and fixed in time. I think we are going on the assumption that their role is not fixed in time. We are looking for a changing role in integration with the rest of the hospital-based psychiatric services and community-based psychiatric services. That is the only comment I would make about its particular location in the report.

Mr. Chairman: Doctor, you talked at some length earlier, this

morning as a matter of fact, about the procedure of assisting people back into the community and so forth.

Dr. Barkin: Yes.

Mr. Chairman: The Provincial Auditor was fairly specific in the claim that the figures for the length of patient stay are misleading and that the time spent in the hospital after a patient is fit to be discharged is not being recorded. I wonder if I can ask the Provincial Auditor what he meant by that statement and what your response would be to that. Maybe you want to comment on that, Gary.

Mr. Peall: The second part there? Yes. I think all we are saying is that if there is a shortage of services or if that is one of the reasons that someone has not been discharged or there is a point at which the clinical team says a patient is fit to be discharged from a psychiatric hospital, then it would be useful to have that information known. It is another indicator, if you will, of the shortage of services or the reason people are not being discharged when they should be. We are saying it is just another level of information that may assist in making sound management decisions on a demand for services.

Dr. Barkin: I would second that. I am in agreement with that. This is not unique to psychiatric hospitals, although the end point is different in psychiatric hospitals. I think you are all aware that we run into the same problem in the acute general hospital sector, where a patient is fit for discharge. At least, that term means "Would not benefit further by the services we have to offer in here but would benefit by some other level of service in some other environment," not necessarily discharge, free and easy, walk out the front door and away you go.

That phenomenon, which is present in the acute hospital system, is equally present in the psychiatric hospital system. It is my impression that it would be more serious and a more significant factor in the psychiatric hospital system than in the acute general hospital system because the level of dependency that would exist after discharge from a psychiatric hospital, where the individual simply could not go home to his own environment, would vary in a number of circumstances.

One could say, "Fit for discharge from here, but needs to be in a home for special care," "Needs to find a boarding home," "Needs to be in an area close to a crisis intervention centre" or "Needs to have a family support system." There are a number of conditional factors you would put on that discharge in your planning process.

I would expand the auditor's comments--far be it from me to expand the auditor's comments; he is pretty complete as it is--by saying it would not be enough to know the point in time when the individual no longer needed that facility. You would also need to know what facility that individual needed if it were not that facility and, if he simply could not go back to a normal working environment, you would need that piece of information also to complete your planning cycle.

Mr. Chairman: Right, it is interesting. I could take you to any hospital--at least to my own hospital, where I am on the board of governors--and I could tell you exactly, on any day, the number of patients who are fit for discharge to either chronic care or extended care but I could not probably give you the number fit for discharge from the psychiatric ward of that same hospital.

Dr. Barkin: The definition is different. The Public Hospitals Act is quite clear on when you are fit for discharge. They define it very clearly as to when the physician in charge no longer deems that his services or the services of a hospital are necessary. In fact, the Public Hospitals Act is quite firm on that area.

The acts under which the psychiatric hospitals operate are not as firm because the dividing line is not as clear. I agree with your comment, though. As a former hospital administrator, I knew day by day every patient in the hospital and every ward the patients were in, when the physician had written the discharge order or when they were fit for discharge and when our placement system came into operation. To a degree, that information is available in the psychiatrist hospitals. It simply has not been recorded. It is there on that information system now.

Mr. Chairman: I notice the two members who are also serving on another committee have come back into the room. It was my plan to adjourn to have a subcommittee meeting at this point in time and to recall the committee on the same topic tomorrow morning. Mr. Johnston, can you be here or did you have some more questions? If so, I am sure the members of the committee will oblige you.

Mr. R. F. Johnston: No, I think it would be unfair for me to do so. Unfortunately, personal problems are making it impossible for me to attend tomorrow morning, but I will not take up your time if you have already agreed to adjourn at this stage.

Mr. Ballinger: There is a nice side to Richard Johnston.

Mr. R. F. Johnston: There is also something behind it, though, remember that.

Mr. Chairman: We stand adjourned until 10 o'clock tomorrow morning. Thank you for appearing. If I may, I want two minutes with the subcommittee.

The committee adjourned at 3:55 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF HEALTH

THURSDAY, FEBRUARY 18, 1988



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
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Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mr. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
LeBourdais, Linda (Etobicoke West L) for Mr. Offer
Reville, David (Riverdale NDP) for Miss Martel

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Peall, Gary R., Director, General Government Branch

From the Ministry of Health:

Barkin, Dr. Martin, Deputy Minister
Firestone, Theresa, Acting Director, Mental Health Operations Branch
Mauro, Debi, Director, Community Mental Health Branch
Corder, David W., Assistant Deputy Minister, Mental Health

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, February 18, 1988

The committee met at 10:10 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF HEALTH
(continued)

Mr. Chairman: I call the committee to order. I will read into the record the report of the subcommittee:

"Your subcommittee recommends that the committee meet on Friday, February 26, 1988, from 9 a.m. to 12:30 p.m., to consider the drafting of its report on the 1987 annual report of the Provincial Auditor."

The subcommittee also wants me to point out that a large number of substitutions have been taking place in meetings of the public accounts committee. Since these people have been very active in the questioning and have made substantive contributions, I thought it would be--

Interjection.

Mr. Chairman: I am sorry. I do not have much of a voice, so if you override me, we do not get anything done today.

We thought it was only fair to get their input and that is why we are calling the extra half day of meetings. It does not mean we will be presenting a draft report at that time. We simply want to get some points Wendy MacDonald can work on for this week of hearings. Next Friday, we will be dealing with all those items we have dealt with this week. Does the subcommittee's report meet with your approval?

Agreed to.

Mr. Chairman: We have Dr. Martin Barkin again before us and we are continuing from yesterday. I believe Mr. Reville is the first on my list. There were no tie-over speakers from yesterday.

Mr. Reville: I apologize for missing yesterday's session. If I go over things which have already been dealt with, I beg your indulgence. It might be interesting for committee members to compare the answers that were given yesterday to the answers that are given today. I am sure they will be the same.

I have basically two lines of questioning I would like to pursue with the officials from the ministry. I suspect the questions will be referred to the appropriate official, but I will address my questions to the Deputy Minister, Dr. Barkin, to start with.

In the area of community services, which you probably know is my major concern, can you explain why it is, in the light of the concerns that have been raised by the auditor and others over many years, that the fraction of the Ministry of Health spending on community mental health is actually declining as a proportion of your total budget?

Dr. Barkin: I am aware of the report from which you are drawing that information. This is the Canadian Mental Health Association report?

Mr. Reville: I think you received that report recently from the Canadian Mental Health Association.

Dr. Barkin: Yes, last night. I have not had a chance to analyse the validity of the figures or where they were drawn from. You are asking me to comment on a number whose validity I am not certain of as yet.

Mr. Reville: Right, that is fair.

Dr. Barkin: I do not know how to respond to the question of why. We had some discussion yesterday as to how one evaluates community mental health programs in terms of quantity, quality and expenditure. I guess it will be necessary, from your preamble, to go over some of that material. I was asked a question specifically on general directions of the ministry in that area.

The gist of the answer was that, rather than dealing with input dollars and measuring input dollars to any particular program, the ministry had as its future direction, picking up from its prime reports, both Evans and Spasoff, trying to see exactly what the health outcome achieved was as a result of dollars expended. I do not know how to respond to that question.

Mr. Reville: OK. That is a fair answer. It is correct that the numbers were compiled from Ministry of Health information resources and services branch, but that the deputy has not had a chance to ascertain whether those numbers are correct. But for the committee's information, what the documents say is that in the 1985-86 year, the spending on community mental health is about 4.55 per cent of the total spending on mental health, and that clearly is down from 1979-80 when the expenditure was 6.18 per cent.

It has long been noted that one of the outcomes of deinstitutionalization is to have lots of people in the community not adequately supported, so I am concerned to see that the actual amount of money, while in gross terms going up, in terms of percentage of health spending appears to be going down. I hope you will take a look at the numbers presented and provide us with the benefit of your comments in due course.

Dr. Barkin: I will indeed. There was a question asked yesterday also, along that line, which stressed that the interest was not so much in the numbers but in a catalogue of the programs and their location. The ministry is preparing that information as well and that will be made available as soon as it is compiled.

Mr. Reville: One of the hopeful announcements, made by the Premier (Mr. Peterson) and followed up by the minister, is a program change, in that the community mental health programs are going to be doubled over the next three years. I am sure you shared with the committee the work of the Graham committee which is completing its report shortly, on a model which they can then direct to the benefit of district health councils in terms of their decision-making.

Can you comment on how it is that this doubling of expenditure will in fact double the number of people served? Or will you be struggling with current waiting lists, current problems in salary levels in community mental health programming as well? Over the next three years there will be cost of living allowances, in any event. Can that money double the number of people served, double the health outcomes, or will it just be a catch-up allocation?

Dr. Barkin: I cannot answer the question at this stage because the second and third year allocations and programs have not been determined. We are waiting for advice from Mr. Graham's committee before sitting down with that committee to determine the priorities of those allocations or even how the process would go. I believe we have already indicated the first cut of allocations for the first year. Mr. Corder can speak to that.

In terms of whether they will increase the numbers of people served, my hope is that we ought to be able to more than double the number of people served by doubling the money. I do not think there is a linear relationship between dollars and numbers of people served necessarily. There already is a fixed base in the system. This is an increase at the margin of a budgeted system, and increases at the margin ought to do more than double the number of people served. They could in fact increase quite substantially more, but I cannot give you the exact details because I am not sure what the recommendations will be for their allocation.

I also believe, as we discussed yesterday, that there is an efficiency factor in the integration of services that is missing from the system right now. We probably do not get the maximum value for the dollars expended, which is, after all, the ultimate mandate of the Provincial Auditor in overseeing a program, simply because the organizational integration of those programs is not as effective as it could be. That, I think, affects not only value for dollar but also the quality of the services that are performed and are available to the population.

Mr. Reville: Thank you. How do you plan to go about integrating the large number of programs that are currently being offered by a multitude of agencies?

Dr. Barkin: Absolutely correct statement, as you well know. You are very familiar with the numbers, and I appreciate this dialogue. There are almost 400 separate programs being administered in the mental health area at the present time, administered by quite a number of agencies, administered in partnership with the Ministry of Health.

There are, in addition, a vast array of services, which might not be directly characterized as mental health, delivered through the general hospital system, including crisis intervention and acute psychiatric wards as well as the physician services which deal with counselling and support systems. There is, of course, the provincial psychiatric hospital system.

The very important thing we recognize is that the Ministry of Health, by itself and within its own mandate, cannot and does not provide the spectrum of services necessary in this area, that the Ministry of Community and Social Services has an important role to play, the Ministry of Correctional Services has an important role to play, the Ministry of Housing has an important role to play.

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It is with the ministry to bring together all the ingredients we do have under our mandate, including--I am told here that the number of agencies delivering those 400 programs is 262--bringing those together within the ministry under a single administrative structure and creating within the ministry, as I mentioned yesterday, a symmetrical structure that can provide more effective interface with the other ministries that have a role to play in this area.

We have asked Mr. Graham, who heads the ministry's advisory committee, and Mr. Richardson, who is executive director of the Canadian Mental Health Association and a community mental health expert, to join with the ministry as an advisory team in implementing that organizational structure.

Mr. Reville: I would like to come back to that in a minute, but do you see it as useful to have the ministry design an evaluative instrument or a series of evaluative instruments so health outcomes can be measured or do you plan to enhance the funding of the 262 agencies so they can do it themselves, or both?

Dr. Barkin: By and large, I favour the former, but I believe every agency that delivers a program has to have a self-evaluating policy in place which the ministry can go into to determine how the dollars are used and what the outcome is.

I say the ministry has to do this, picking up on the comments I made yesterday. I apologize for repeating them. It is very important for the ministry to have in place an evaluative instrument against which the effectiveness of ministry expenditure, if nothing else, can be judged. The term I used yesterday was "report card." That is the term used in the Evans panel; that is a similar process recommended by Dr. Spasoff: to identify target populations who have a specific health need that is measurable; to focus resources on that measurable health need; then to report back the degree to which you have succeeded in improving the health status of that population.

That is, by and large, in our view, the most effective way of monitoring the expenditure of dollars in the health system and, in the long term, it is probably the most effective way of providing accountability of the ministry to the Legislature for what it does. It is not an easy thing to implement because it flies in the face of almost 20 years of tradition that characterizes our health system as a funded structure as opposed to a programmatic structure.

I read the first paragraph of Mr. Murray's report, from which you quoted some of your statistics and I was interested to see that he makes the same comment, that the Ministry of Health's history is as a funding agent. In fact, the term we have used is that its history is as an insurance agent. It arises from the need to insure hospital services and doctor services and pay for those services as they are in place and provided.

If the Ministry of Health goes into a health-goals-oriented mode, clearly it would become more than a simple, passive, paying agent. It would then become very proactive in the health marketplace, determining the health care programs that ought to be in place and then measuring their effectiveness in order to be accountable to the Legislature.

Mr. Reville: By way of example of some of the difficulties I think that are faced by the 262 agencies that deliver community mental health programming in Ontario. I would like to cite the case of Able Enterprises, which is a small vocational rehabilitation program operated in Simcoe, Ontario. I cannot tell you the name of the provincial riding offhand, but it is Mr. Miller's riding. Some of the Liberals will know what Gordon Miller's riding is called.

Mr. Smith: Norfolk.

Mr. Reville: Norfolk. This is a program that I have visited on a couple of occasions. Its clientele is made up of severely psychiatrically

disabled people, usually with a history of chronic schizophrenia and with a very long hospital history in each case. What they have there is an interesting program. If you have the chance to go and look at it some time, I would invite members of the committee to do that.

They have a workshop where they design and build furniture, some of which is supplied to the city of Toronto housing program. They make display Christmas decorations, which are much favoured in southwestern Ontario. The town of Simcoe buys Santa Clauses, the Magi and what not from them. They have a landscaping business. They restore and rehabilitate lawn mowers and that sort of thing, and they have a kind of a social program. It strikes me as a neat little program. It is not an expensive program. I think the budget is probably under \$200,000 a year. In fact, I suspect it is considerably under \$200,000 a year.

They are unable, however, in their budget to do any particular health outcome kind of work. The entire budget goes to sustaining their staff and their operation. I am convinced that the number of hospital days that are forgone because of this program is significant and is a significant economic benefit to the province, clearly, knowing that it might be as much as \$200 to \$500 a day per hospital stay per person.

I think there are measurable outcomes, at least on the economic side, and there are probably immeasurable outcomes in terms of how it makes you feel to avoid going back to the hospital, particularly to people who have a chronic history. It is a very devastating, depressing and disappointing experience to have to keep going back to hospital. I suspect it would not cost too much to put into place the mechanisms to track the people involved in the program and see how they do and how they did before and make some kind of comparison. Do you have any comment on that?

Dr. Barkin: I do not have any comment on it. I think it sounds like it is just a terrific program. I am certain from your description that it accomplishes exactly what you have described, that it prevents unnecessary hospitalization and promotes a state of wellbeing in the individuals who participate in it. That, of course, is what the whole purpose of the various programs in the ministry is all about.

In terms of our ability to measure those outcomes--we went into this a little bit yesterday--there are a couple of ways in which we are hampered. One of the ways came out the day before yesterday, that is, we have no way of tracking health in the province, given the province's health information system.

The district health councils are now commenting on the kind of information that they need to provide that kind of tracking. We commented yesterday, in response, I believe, to a question from Mr. Adams, about how good the information was at the district health council level in the area of mental health. Our view was that at this point it was deficient and that Mr. Graham had indicated that part of his mandate was to provide the framework for the district health councils to deal with the mental health needs in the regions they represent.

I agree with you that we must have a way of tracking that as part of the outcome side. I would also agree that the pieces that are in place to do that now are fairly patchy. There is not a good enough infrastructure for us to get some meaningful information. What we have to rely on--and it is not a totally unreliable source--are the kind of anecdotal stories that--

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Mr. Reville: They are pretty anecdotal. That is the problem.

Just tangentially, I was surprised and disturbed to discover in 1986 during the Health estimates, when I was pleased we concentrated a great deal on the mental health side, that the patient information systems in our provincial psychiatric hospitals were not adequate either. I wonder if you can comment on what the state of the art of patient tracking is now? Has significant improvement occurred or are you part-way into it or what?

Dr. Barkin: I am pleased to say that we are eight tenths of the way into it. Perhaps I will ask Mrs. Firestone to comment on the state of the information systems.

Mrs. Firestone: Just to review what I indicated yesterday, all the equipment and the system is in place in 10 of the facilities. There are two facilities that are still working on implementation. One of the components, the one you are probably most interested in, is what we call the ADT system, which is the admission, discharge and transfer system, which does keep track of individual patients within the psychiatric hospital system. We have not yet taken the additional step of tracking patients as they move through community programs, but it is a substantial movement from where we were at the time that we--

Mr. Reville: Do you intend to take the second step?

Mrs. Firestone: The patient tracking from psychiatric hospitals to community programs is a difficult one because of the wide range of programs and because many patients do not go to specific programs when we discharge them. It depends on the individual's program requirements.

Mr. Reville: Well, partly, if I may be so bold.

Mrs. Firestone: Some people go back to other family support and do not require a specified program. We are going to be looking at it, but there are some difficulties.

Dr. Barkin: I think the primary difficulty there, if I may interject, is the absence of a tracking system for the entire province. As you know, with 10 provincial psychiatric hospitals, the fan-out from those overlaps regions. Even if you had a district health council in a particular region tracking numbers, the movement is such that we have a hard time developing a statement or an assessment of need. That is one of the key functions of the district health councils. They have put pressure on us for this unique health number identifier, not only to identify mental health needs but needs in a variety of other states, ranging from cancer to perinatal care and everything in between.

Mr. Reville: Does the admission, discharge and transfer system give you a better handle on your recidivism rates? For instance, can you give me a current recidivism at Queen Street Mental Health Centre?

Mrs. Firestone: I do not have that figure readily available. The ADT system does indicate the referral source and where the person has come from within the community. We do have some data available in terms of the length of stay in the community prior to returning to the hospital. I do not have that with me.

Dr. Barkin: The answer to your question is that an ADT system can be used to get that information for patients who return to the same hospital. It cannot give you that information if the patient is in Queen Street using Queen Street's information system and--

Mr. Reville: And he returns to Brockville.

Dr. Barkin: --he returns to Brockville, or something like that. That is where the system falls down, but it certainly can give you readmissions to the same unit. It can tell you where the individual was transferred if he was transferred to another agency between readmissions. It could certainly follow that on an individual basis in terms of their histories. On an anonymous basis, in terms of the success of the hospital, if you like, they can say, "Our readmission rate is 20, 30 or 40 per cent," etc.

Mr. Reville: Thank you. Just briefly on the organizational structure and attempts by the ministry to improve the co-ordination and the connection between different aspects of the system, you will know, Dr. Barkin, that there was some anxiety recently expressed, mainly by people interested in community mental health and in particular those who deliver community mental health programs or see themselves as advocates, that structural changes or reorganizations within the Ministry of Health might be to the disadvantage of those for whom they speak or those whom they serve.

I know you have spent some time discussing that with some of the people concerned, and you know that listening very attentively behind you is June Beeby from the Ontario Friends of Schizophrenics. As executive director of that organization, she was very concerned that, in a situation where their feeling is very strong that services are currently inadequate for the people they are concerned about, somehow a reorganization might make the situation worse.

I am sure you touched on the reorganization yesterday. I wonder if you can tell us how, outside of consultation with people like Howard Richardson of the Canadian Mental Health Association, Ontario division, legislators or the concerned public will be able to get a handle on what your reorganization means and perhaps have some input into it.

Dr. Barkin: That question was raised yesterday as well, so I will give the same answer.

Mr. Reville: You could refer me to the answer from yesterday.

Dr. Barkin: In the first instance, before one tells one what one is going to reorganize, one has to find out exactly what that reorganization ought to look like.

The first phase of that was a consultation process with the people who might be affected by it. We met with a representative of Ontario Friends; we also met with the Canadian Mental Health Association; we met with a number of psychiatrists; we met with psychiatrists of the provincial psychiatric hospital system as well as from the general hospital system; and we met with some advocates of the community integration system, including the individual who is directing the Whitby community-based program--

Mr. Reville: Dr. Wasylenki.

Dr. Barkin: --Dr. Wasylenki. We are generally trying to get guidance

and advice, and in that advice base we are including Mr. Graham, who is the minister's adviser, whom we have actually asked to assist in the formulation of what such a model might look like.

I mentioned yesterday that our attitude was to go very slowly and carefully because there is a lot of anxiety in the system with respect to an anticipated organizational change, and I am aware of why that anxiety has a right to be there. All of us remember the kinds of organizational changes that occurred around the era of deinstitutionalization and the fact that anticipated needs that ought to have been met for a long period of time not only were not met but were also not paid much attention. They are now being given attention.

I think we are getting to a stage where the model is sufficiently honed that we can share it even a little more widely, and I shared it with the group here yesterday. We have undertaken, and written to everyone who has written to us, that the existing organizational structure will not be removed until such time as we are satisfied the new program is in place and functioning well, and if it is not in place and functioning well, the ministry organization structure for mental health will remain intact.

One of the others we met with, which I forgot, was the Community Mental Health Programs Federation.

I think we have touched base with a fairly broad representative group to get advice and counsel. In fact, I did speak to you on one occasion as well to touch base on that and get your advice, counsel and opinion on that as well.

Mr. Reville: Yes, you did.

Dr. Barkin: The organization structure itself is designed to enhance not only the community mental health process but also that integration I spoke about before, basically to bring together the resources that are available in the ministry and that can be brought to bear on this, and it is indeed a major problem.

I did not mention this in any of my comments, but I think it is worth mentioning at this stage. Why the minister, as I mentioned yesterday, indicated to me that we should make this a major priority is that one in five Ontarians, including one in five Ontario children, are or will be affected. We are dealing with something that permeates every level of society, almost every age group, and it cannot be dealt with in an unfocused way, given the magnitude of the issue.

The final point I would make is, as I repeated several times, it is very important for that organization structure within the Ministry of Health to be symmetrical with organization structures that are present within our sister ministries. There are areas where the Ministry of Health by itself is insufficient and has insufficient resources to meet the full spectrum of needs. I refer, of course, to the Ministry of Community and Social Services.

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By the way, on this process, I have met regularly with my counterpart in that ministry in order that they are kept up to date with exactly where we are going and where we are heading. I include the Ministry of Housing, the Ministry of Correctional Services and a variety of other ministries that from time to time have a role to play. The issue of mental health is not an issue for just the Ministry of Health; it is an issue for the government.

Mr. Reville: I should tell the committee that Dr. Barkin drew the reorganization for me on a table napkin, which I have preserved carefully among other important archival materials.

Mr. Ballinger: I hope it was you who was buying lunch.

Mr. Reville: It certainly was not.

Mr. Chairman: I trust that you had bifocals to see it on the--

Mr. Reville: No. The only thing that works on me, Mr. Chairman, are my eyes. I do not need bifocals.

I want to get off the organizational structure for a minute. I do want to come back to some of the problems that have been experienced and are still being experienced, because you are not the only ministry that delivers services to this population. That is one of the really serious problems we have had among the Ministry of Health, the Ministry of Housing, the Ministry of Community and Social Services and the Ministry of Correctional Services in terms of co-ordinating. There has been some improvement in the attitude of the Ministry of Housing towards providing housing for vulnerable people and quite often they are partners with one of the other ministries, quite often Community and Social Services but sometimes Health.

I understand that recently, because of co-ordination problems, the Housing side had delivered the goods and we had units ready to occupy but the Health side had not yet come up with the funding for staff support. In fact, we had units ready to be occupied but they were not able to be occupied.

First, are you aware of those situations that have occurred? Second, what is the structure by which you will prevent that sort of thing from happening again?

Dr. Barkin: I am not aware of that having occurred, so I cannot answer the question. Perhaps I will ask Debi who is more closely involved. Debi gave a detailed report yesterday of the incremental involvement in housing and those that were allotted to the Ministry of Health. Perhaps you could comment on that, Debi.

Mrs. Mauro: Certainly. We have a co-ordinated approach when we are looking at the housing units. I believe you are referring specifically to Project 3000 under the Ministry of Housing. For any units that were announced that would be Ministry of Health supported, the funds were already attached to those units. I am not aware of any problems where programs were ready to go and Ministry of Health did not have the support dollars.

Mr. Reville: I will have to get some details on that. I have obviously got this information from the Supportive Housing Coalition, which is the major partner of the Ministry of Health and the Ministry of Housing in terms of developing housing for ex-psychiatric patients.

The other concern that was raised and is of concern to me is the level of support from Health for housing. Members of the committee may know that a group home can come in several flavours ranging from very modest support to very high support--24-hour, onsite supervision right down to sort of occasional supervision. Clearly, it is less expensive to provide occasional supervision than 24-hour, onsite staffing.

Am I correct in assuming that many of the allocations have been for the less supportive kind of supportive housing?

Mrs. Mauro: The housing projects really bridge the full range of services. I do not have that breakdown with me today, but there are high-support housing units, medium-support housing units and low-support housing units that make up that composition of the health units for ex-psychiatric clients.

Mr. Reville: The point of this line of questioning is that the more severely disabled the person is, the higher the level of support he may require. One of the criticisms of our group home program and our supportive housing program is that the people who need it the most do not get access to it, in fact, for a number of reasons. One is that it is harder to get the high-support funding, and the other reason, of course, is that it is harder to get community acceptance in cases where the people are known or considered to be severely disabled. Any comments on that?

Mrs. Mauro: With the supportive housing programs we do have what we call level one housing, and by that I mean high-support housing programs where you have staffing 24 hours a day. In some cases, when a referral is made from a psychiatric institution, when the client is assessed, it is determined by the housing program that that individual does not meet the admission criteria. In other words, he is too ill at that point in time to enter that housing program. I am aware of that issue--

Mr. Reville: I know you are aware, yes.

Mrs. Mauro: --and it is of concern because we have to ensure that the more severely ill client who is ready to move into the community has access to those programs. That is an issue of high priority, and we are working with the housing programs looking at that.

Mr. Reville: Supportive housing coalition says--sure. But I had another question; why do I not just finish it? You might want to jump in again after that.

The Supportive Housing Coalition estimates that we need 7,000 or 8,000 supportive housing beds in addition to those we have. Do you have any comments on that? And if so, at the rate we are going, how many years will it be?

Mrs. Mauro: Some of the units that will be developed will not necessarily need the high-support Ministry of Health support dollars, so we can look at a full range of housing services where the ex-psychiatric client will have access to that special needs housing. It does not necessarily have to have to have the psychiatric label.

That having been said, there are some projected figures that have come out of our interministerial committee that looks at approximately 20,000 individuals who require supportive housing or special needs housing. That is including all disabled groups, so the figure of about 7,000 for ex-psychiatric clients would probably be accurate.

Mr. Reville: All right. There is a supplementary.

Mr. Chairman: I think Mr. Dietsch had a whole line of questioning. I do not mind allowing a supplementary, or if Mr. Adams wants to let Mr. Dietsch go ahead of him for a couple of minutes on a series of questions on the same topic.

Mr. Adams: If yours is relevant to my question.

Mr. Dietsch: Thank you. Basically, I would like to follow along some of the line of what Mr. Reville is talking about in terms of housing and housing needs and tying in with preventive maintenance, or as I would see preventive maintenance. I am really talking about clubhouse models in terms of that model serving a preventive maintenance model that integrates after coming out of housing back into the community. We have a number of housing models comparable to Progress Place in Toronto: in the Niagara region, for example, the Oak Centre in Welland, and there is some thought towards the Wellington club in St. Catharines. Whereabouts does that funding for those types of projects fit in? Is there a view towards increasing the moneys to those projects at this point?

Mrs. Mauro: You are referring specifically to the clubhouse approach?

Mr. Dietsch: Yes.

Mrs. Mauro: Yes. Progress Place, just for the committee's information, is a clubhouse model. It was the first of its kind in Canada. It is located in North York and provides a comprehensive service for the more chronically ill client. It is a very cost-effective model in providing support services for the more chronically disabled.

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Certainly, the ministry endorses that model. In recent months, we have had a number of communities develop this clubhouse model. We support that model. It is a very cost-effective way of linking the individual with services and having a very co-ordinated approach to the care of those individuals. One example recently that just got under way is in Sudbury, through the Canadian Mental Health Association branch, where that branch started a clubhouse model. Thus far, it seems to be working extremely well in that community.

Mr. Dietsch: Will there be a move towards funding or additional funding for these clubhouse models, based on your findings on them thus far as being very cost-effective and assisting in this nature?

Mrs. Mauro: In presentations to the Graham committee, which you have heard the group refer to, that clubhouse model has been strongly advocated. The committee is looking hard at it. I suspect they will be making some recommendations about that clubhouse model and the effectiveness of it.

Mr. Dietsch: I am more particularly concerned with the way the clubhouse models are put on to the system. Through the district health councils, they make recommendations on the funding towards those types of models; for example, Wellington Place in St. Catharines, which is striving to put on additional days of service. Would there be additional funding in those particular areas that would help alleviate the long-range costs in this type of housing? Is that a possibility?

Mrs. Mauro: I believe so. I think when the Graham report comes out, the report will endorse models such as the clubhouse model. The Whitby community mental health group you heard me talk about yesterday is one of the programs for the town of Whitby that the committee will be recommending be funded by the minister. So you will see that movement towards a comprehensive model such as the clubhouse, with various programs feeding from that model.

Mr. Dietsch: On a personal note, I can see that type of model as serving many of the needs of the residents and, in terms of integrating that type of service into the community, as being a very positive way to go.

Mr. Chairman: Is that it, Mr. Dietsch?

Mr. Dietsch: I thought Mr. Reville was finished his line of questioning and the floor was turned over.

Mr. Reville: No, I thought you were doing a supplementary.

Mr. Chairman: Oh, I am sorry. I thought you were finished also.

Mr. Reville: I was trying to be gracious and allow a supplementary.

While I agree that the clubhouse model is a really good model, it does not add much to housing. You still need housing if you have a clubhouse model. I am very supportive of a clubhouse model.

Mr. Dietsch: I recognize that, but in terms of what we are trying to do at the whole of the service, I think we have to recognize all aspects of the service, and that is what I was trying to do.

Mr. Chairman: Do you want me to put you back on the list, Mr. Dietsch?

Mr. Dietsch: No, that is fine.

Mr. Reville: I did actually want to do a bit more on the housing situation. I had got to the point where the Supportive Housing Coalition of Metropolitan Toronto was saying we need 7,000 more supported beds. I am going to be a very old man at the rate we are going before those 7,000 beds are on line.

Obviously, it is not entirely the responsibility of the Ministry of Health. There is a whole range of issues that have to be dealt with in terms of appropriate types of housing and an appropriate array of housing alternatives because group homes are not an appropriate alternative for everyone, as we know. I am sure you have shared with the committee some of the other alternatives.

One of the things I am most concerned about is the private boarding and lodging houses. I am sure you are concerned about them as well. There has been a long history of horror in the area of private boarding and lodging houses which serve--and I say that very advisedly and in quotes--a range of vulnerable people who are not necessarily people with psychiatric difficulties. They may be developmentally handicapped, they may be physically handicapped or they may just be very poor.

I know the ministry has struggled with a number of these living situations. I think particularly of the long and now happily ended story of Channon Court, which I know you were very involved in, Ms. Mauro. That was a large boarding and lodging house in the Parkdale area operated by the private sector. It was so crummy in there and so many people died in that place that eventually the Ministry of Health began to look around for ways to try to improve the quality of life in there and eventually actually found an agency to take it over. I think it is now going to be an excellent facility and I congratulate the ministry for its contribution in that regard.

We have all over this province in untold numbers, I believe, smaller or larger private boarding and lodging houses that are funded directly by the province through the family benefits program to provide basically three porridge sandwiches a day and a grungy room for people to pass their time in, with nothing in the way of programming, relief, things to delight the mind or elevate the spirit.

One of the most shocking of them is the case of Cedar Glen in Orillia where, thankfully, the vicious operator is now in jail, I believe. I understand the Ministry of Health sent its officials to Orillia to relocate the folks who had been languishing there for many years. I know this is not the responsibility of the Ministry of Health. Those people were discharged, although they were referred there, some of them, by Queen Street Mental Health Centre, I understand.

What is it that you intend to do to enhance the quality of life for folks who currently have no option but to live in somebody's boarding and lodging house, for better or for worse?

Dr. Barkin: It is hard for me to answer that question, since we came prepared to answer questions arising directly from the auditor's report of 1986.

Mr. Reville: I think it is identified in the auditor's report.

Dr. Barkin: What is happening and what is likely to happen in the future in the way of community support programs is hard to predict because, as I said before, it is not a matter only for the Ministry of Health. You said that as well.

Mr. Reville: That is true.

Dr. Barkin: It is an overall program, and I cannot pretend to speak for the government, only for its bureaucracy. I cannot answer your question in terms of what the government's plans are in the immediate future in that area. I think we can answer for the Ministry of Health's programs that are in place in that area.

The Cedar Glen issue, as it was evolving, produced some very interesting briefings for me as I tried to find out what role the Ministry of Health could have and did have in that area; that is, to what degree could we intervene.

Perhaps, David, you could speak to that, because there was a certain amount of frustration on both sides, particularly within the ministry, on this one.

Mr. Corder: In the Cedar Glen situation, that being a private boarding home, the fact that there were several client groups involved in residing there and several jurisdictional issues were raised, boundary wars and a whole lot of other things, presented some difficulties in trying to provide the necessary support to the people who were in there. Mrs. Mauro actually co-ordinated the move, so she may have some additional information on what she experienced in trying to help the clients who went in there.

Mrs. Mauro: I do not know where to start. This was certainly a situation that I, as a ministry representative, did not condone. We were trying to take positive action to rectify the situation.

These are private boarding homes that operate under the good graces of a municipality, a county or whatever and, as a result, they must comply with the fire regulations of that municipality and public health regulations. Beyond that, there really is not any jurisdiction for the Ministry of Health.

Mr. Reville is correct in indicating that some of the clients were former residents of Queen Street Mental Health Centre. Most of those residents were discharged, as such, from that centre. It was very difficult, trying to gain access to the home. As a result, I co-ordinated a meeting with all the officials from the local police force to the reeve of Mara township, the public health officials, the Ministry of Community and Social Services because there were developmentally handicapped individuals in there, and Queen Street Mental Health Centre staff to develop a plan to move the residents out.

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It was most difficult. However, as a result, we were able, through the family benefits people, to move the people out and get them reassessed. It was not a happy experience for anyone because really no individual had the jurisdiction to go in. The police, in some cases, accompanied our staff to gain access to the home because, as you can well appreciate, we could not just walk in and say, "We are here; we are Ministry of Health officials and we have access" because we do not have the authority to enter any private home.

Mr. D. W. Smith: Can I ask a supplementary?

Mr. Reville: Sure.

Mr. D. W. Smith: You give licences to these homes, but you do not have the right to access to them?

Mrs. Mauro: No. These are private boarding homes that are not licensed by the Ministry of Health. We are not talking here about homes for special care. These are private lodging homes, boarding homes that operate in most communities. In some cases, municipalities have developed bylaws to monitor the quality of care in these private boarding names. To name a couple, the Hamilton area does have bylaws for lodging homes. Linked with that bylaw, they have quality of care standards; so there is some monitoring function by that municipality. Ottawa also has similar bylaws, as does the city of Windsor, but not all municipalities have such bylaws.

Mr. D. W. Smith: Do you give funding to those homes, though?

Mrs. Mauro: No. There are no Ministry of Health dollars, but a lot of the residents are on family benefits or some kind of social assistance.

Mr. Reville: It should be noted that the income of the operators of these homes is normally derived by the resident handing the family benefits allowance cheque over to the operator. Sometimes some money comes back, five bucks a month. Basically, the Ministry of Community and Social Services is funding these homes through our income maintenance program.

In Windsor, the way they put the hammer on the crummy operators is they threaten to withhold the FBA or the welfare cheque. I do not quite understand how that works. I would worry that the recipient of the welfare cheque is victimized in that case as well. I understand there is also a vacancy rate in Windsor that may improve the quality of life because, if this home is really crappy, then you can go to another one.

The casualties of these boundary wars, I am sure you will agree, are the people who live in these homes. It is not the responsibility of the Ministry of Health and it is not the responsibility of the Ministry of Community and Social Services and municipalities do not have bylaws or ways to enforce them. What happens is, things like this go on for years and years. In this case, it was handled partly by the Criminal Code and the justice system. The guy who was beating on the ex-psychiatric patients is now in jail where he belongs, but it is true as well, is it not, that the assessment referral units of psychiatric hospitals across the province do refer people to these places? Is that true?

Mrs. Mauro: Just a point of clarification. Queen Street Mental Health Centre did use that boarding home and did refer there. Then the operators changed, some time after 1984, I think.

Mr. Reville: Yes.

Mrs. Mauro: Prior to that, I am told the operator of that home was quite good and cared for the residents very well. Then there was a change in operators. Someone bought the home and, as a result, the care that the clients received was less than desirable.

Mr. Reville: Yes. You will recall a report written a few years ago, I think by Community Resources Consultants, which interviewed and tracked a number of people being discharged from Queen Street Mental Health Centre, which also indicated that their major problem upon discharge was related to housing. Do you remember that report?

Mrs. Mauro: There have been several like that.

Mr. Reville: Right.

Mrs. Mauro: Do you recall the title of the report?

Mr. Reville: No. There have been several like that. My problem is that I have stacks of them falling off my desk.

I think the Ministry of Health should be taking a lead in trying to resolve this housing problem. I know it is not currently within your mandate and I am aware of a number of the difficulties involved. A previous Minister of Health, not of the current government but of the previous government, pointed out that once someone was discharged from hospital, it was inappropriate for him to have a leash on the patient. I will not tell you his name, but I will tell you what he does nowadays. He works, I understand, as a consultant in some kind of dental operation. That is a clue, Mr. Chairman.

Mr. Chairman: Those of us who have been here for a while have an advantage in the contest over the new members.

Mr. Reville: That is right. New members are always really enthusiastic and curious. They will figure it out.

Then, as now, a large number of us are very concerned about the deplorable housing conditions of many people who are discharged from hospital. I believe strongly that one of the reasons they go back to hospital is that their housing situation is so crummy. The despair that grows when you are living in one of these boarding and lodging houses lands you back in the hospital again, to start your cycle all over again.

This is almost a political question. Would you be prepared to be involved--

Mr. Jackson: But it is your first one.

Mr. Reville: I never ask political questions of bureaucrats. I am an experienced MPP. I know I am not allowed to do that.

Would the Ministry of Health be prepared to take part in an inquiry into the problems associated with boarding and lodging houses from the unique perspective that it has?

Dr. Barkin: I think that is a question the minister would have to answer rather than the minister's deputy. However, I would point out that there is a significant report that was commissioned by the Ministry of Health--that is the Spasoff report--which made very specific reference in its first chapter to the impact of socioeconomic status on the overall state of health, without specific reference to mental health. That is an area of concern for the Ministry of Health, as one of the ministries of the government, that is already on the table.

In terms of the role of the Ministry of Health, we have had, since October 1986, a joint Ministry of Health and Ministry of Community and Social Services initiative. That is Metro Habitat, which Debi can speak to.

Mr. Reville: I know all about Metro Habitat. It is a good program, but it is very tiny. It is not going to do the trick. It is operating in Metro. It is maybe going to serve a small fraction of people who need housing. While it is one approach, it is only dealing with a small number of people. While I think it is a creative and useful initiative of the Ministry of Health, it is not touching a lot of people who need help.

Dr. Barkin: I understand exactly what you are saying. I cannot give you a specific answer to the question of, will the ministry participate in an inquiry on that? That is a question that the minister would have to answer.

Mr. Reville: But it is true to say that the ministry, because of its interest in this matter, has a good deal of information which it could make available.

Dr. Barkin: Yes. The ministry would be most pleased to participate and it already participates in, a number of interministerial task forces that deal with that. If there were to be any further process put in place, all of the information available to the ministry would be brought to the table.

Mr. Reville: I want you to understand that I do not know what the solution is. I know there are some approaches that have been tried in various places that have worked. Many people believe the way to deal with this problem is to regulate these private boarding and lodging houses. When I think about how wonderfully successful the regulation of nursing homes has been, I am not convinced that the regulation of this business really will do the trick.

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I am very concerned that these operations fall between the cracks time and time again. If there is a medical officer of health in a particular jurisdiction that has enormous political will, he sometimes will shut them

down. Sometimes the fire marshal will shut them down. Sometimes a building inspector will shut them down, but most often, nobody shuts them down.

In smaller municipalities where they do not feel they have the money to have a large inspection and enforcement division in their municipal staff, then these places just carry on. Some of them may be good, notwithstanding, and some of them are clearly awful.

Dr. Barkin: I am aware of the situation which you describe. I do not have any more easy answers than you do. I think they are very difficult. But I would reiterate the answer to your question about a major inquiry is one which the minister has to answer. The answer to your question, does the ministry participate? is yes.

I can list off the number of interministerial and various groups that the ministry now participates in. There is the supportive community housing working committee, the mayor's subcommittee on housing needs for the homeless, the Ontario Task Force on Roomers, Boarders and Lodgers, the interministry committee on the International Year of Shelter for the Homeless, the Association of Municipalities of Ontario's subcommittee on deinstitutionalization.

Wherever the ministry's expertise can be brought to bear, we will bring it to bear. This is not something that we have any interest in sweeping under a rug. Our interest is in getting the facts that are at our disposal out on the table, making the public aware of them and making those who are in the position of making decisions aware of them, and when they make decisions that involve our implementation, to implement them to the best of our ability. That is what we are committed to.

Mr. Reville: I want to make it clear to you that I do not think your ministry has any interest in sweeping it under the rug either. I compliment the ministry and staff on going into the Orillia situation and doing what you could to resolve it. That was a very impressive piece of work that was done.

But that is one of the homes, is that right?

Dr. Barkin: You cannot do them all one at a time. It took years before this abuse was brought to the attention of the authorities in a way that--and I am not talking about the Ministry of Health here, I am talking about the police. One of the problems is that nobody believes an ex-psychiatric patient. So when he says, "Somebody is beating me on the head," they say, "Yeah, yeah, we know."

That goes on all over this province every day, every week. Only in unique and sometimes revolting circumstances, do these things come out and the Ministry of Health is then able to be of assistance and relocate people. In that case, it was, I believe, largely due to the co-ordination efforts of the Ministry of Health that this result was as good as it was.

It is important for the committee to realize that even under these conditions, which eventually were proved in court, several people in that home did not want to leave it because the hell they knew was better than a hell they did not know. That is another thing to keep in your mind when you are dealing with a population this vulnerable. That is why it is really critical for us to cut through these boundary disputes in some way so that the quality of life for people leaving hospital is better than it has been in the past.

One of the things I am going to try to recommend to your committee, Mr. Chairman, is that an inquiry be done into the housing situation of ex-psychiatric patients, including private boarding and lodging houses which account for a very large percentage of the housing situations of people coming out of our psychiatric hospitals, but not overlooking the homes for special care, and the other kinds of housing alternatives such as co-operative housing approaches and group home approaches, because I think it is incumbent on the Legislature to come to grips with ways to resolve this problem, a problem which, in some cases, does end in tragedy.

One of the things we are going to urge on this committee is to bring the players together, like the Ministries of Correctional Services, Health, Housing, Community and Social Services and some of the people who provide good boarding and lodging accommodation, so there are those, and some of the people who are in the business of delivering supportive housing so they could share with us the lessons they have learned. It would be great to hear how Windsor, Ottawa and Hamilton have managed to improve the situations there.

In the city of Toronto I was involved for years in a number of examinations of this problem. Out of those examinations the Habitat program flowed. I am really glad the Ministry of Health is involved in that.

I seem to be making a speech at this point, Mr. Chairman.

Mr. Chairman: By coincidence, I have just mentioned to our researcher that some of Dr. Barkin's very supportive and co-operative statements, if I can use that word, in answer to your question certainly might be part of our report and might lead into recommendations like this.

Mr. Reville: I have one other question I want to ask. The committee may be aware that in 1982 Mayor Eggleton set up what he called an action task force on discharged psychiatric patients and asked Dr. Reva Gerstein to head that up. Ultimately, she delivered a report which was adopted by Toronto city council. It was supported, we thought, by the then Premier of the province, who is not the current Premier of the province.

In fact, a number of the recommendations in her report were implemented, chiefly that Metro council donate a house for a group home and the city of Toronto council donate a house for a group home. Those projects were undertaken and duly funded by the ministries of Housing and Health and, in fact, have people in them who are enjoying a better standard of care than they did before.

One of the recommendations that has never been implemented, which I am particularly interested in, and I know Mr. Corder knows the one I am going to mention, is the crisis intervention centre Dr. Gerstein had recommended and which has been in the planning stages now for about three years.

Dr. Barkin: You have named the answerer so he might as well answer it.

Mr. Reville: I just saw his ears twitch.

Mr. Corder: Yes, and go red. That was probably one of the most difficult recommendations to realize. There was a lot of controversy about how to provide crisis intervention for that client group. Some of the mental health care professionals who would have to provide the service did not agree

with the recommendation as it was presented. Therefore, I had to get a group of people together, which included Dr. Gerstein, community groups, chiefs of psychiatry--

Mr. Reville: That was your first mistake. You should not have had those guys.

Mr. Corder: We did come to some sort of agreement. We had a sponsoring hospital, and we agreed that we would work out with the board of governors of that hospital the necessary support. We had the community group, and Dr. Gerstein did a lot of work for us to get the community group to buy into that. Then when it came down to the final moments when this was to be realized, there was some reinterpretation of the negotiated agreement between the community group and the sponsoring agency.

Mr. Reville: The wheels fell off.

Mr. Corder: After we spoke to Dr. Barkin, we went back to Dr. Gerstein. I said, "Dr. Gerstein, why don't you work it out the way you wanted to work it out in the first place?" She is now in the final stages of putting the frills on her original recommendation; then I am going to see if we cannot do something more positive than we have done for the past three years. It has been around for a long time.

Mr. Reville: I am encouraged that Dr. Gerstein is on the Premier's health council and is well situated to make her views known. The idea behind this crisis intervention centre was that it would be a small, 15-bed or so facility, if I recall correctly, which would be less foreboding than Queen Street Mental Health Centre, for instance, which might keep people out of the system, keep them from getting into the revolving door. It was going to be an experiment along the lines of several projects of its kind that operate quite cheerfully in other jurisdictions. It was one of the ones I was most interested in, so I am glad to hear it may come back again and I am sorry the negotiations did not bear fruit at that time.

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Dr. Barkin: I just wanted to go back to an issue, because I did not give an answer with all of the details that I had in front of me, and that was the question of the private boarding homes. We understand that the ministry of senior citizens' affairs is now carrying out a major inquiry on private boarding homes and rooming houses across Ontario. Their report is due at the end of 1988. Their interest devolves from the fact that many of these homes are places where senior citizens find themselves, in addition to psychiatric patients. Debi informs me that all of the information that was available to the Ministry of Health on the issue, including the specific case study of Cedar Glen, has been turned over to that inquiry to assist them in developing their proposal.

Mr. Reville: That is interesting to hear, but many of the people in boarding and lodging houses are not seniors, although some are.

Dr. Barkin: Yes, I understand.

Mr. Reville: It may be that Anne Johnston, as the policy adviser to Remo Mancini, may be of some use in this regard because she did a lot of work on that too when she was at the local board of health, although I guess the

Minister without Portfolio responsible for senior citizens' affairs is Mavis Wilson, is it not?

Dr. Barkin: Mavis Wilson, yes.

Mr. Reville: Remo is disabled.

Dr. Barkin: Yes.

Mr. Reville: We would probably want to hear from them as well.

Mr. Chairman: Do you want a supplementary? Mr. Adams has been waiting patiently for a long time.

Mr. Carrothers: Just for my own information, and maybe we have started to answer it, I had wondered whether these boarding houses we are talking about tended to cater exclusively to ex-psychiatric. It now seems there are seniors and ex-psych. Is there any idea of the mix? Are these sort of two or three in a boarding house with other people?

Dr. Barkin: I do not have a handle on the mix and I do not know if anyone at the table does, but we are aware that it is not just psych patients or elderly patients. There are patients whom simple poverty may drive into this kind of dwelling existence. There are patients with various physical disabilities who are in there and patients who have a developmental handicap, so that there are patients who span the entire spectrum of the disadvantaged in society who would find themselves in there.

It would be very difficult, therefore, and I think Mr. Reville points it out, for any one ministry to take a look at that unless you were prepared to sweep in your look, not your constituency but the entire span of private boarding homes, regardless of who is in there.

My understanding from the information that has been given to me and the information we have been asked for is that the inquiry and review by senior citizens' affairs is encompassing all of the homes without regard to who happens to be in them, since most of them at one time or another are, or are likely to be, looked to as a place for seniors.

Mr. Carrothers: So this may be more of a problem that people on family benefits share, and all people receiving that kind of support would share this problem.

Dr. Barkin: Maybe.

Mr. Carrothers: We do not really know at this point.

Dr. Barkin: No.

Mr. Chairman: Mr. Reville, are you going to start another new line of questioning? If you are, I am going to let Mr. Adams go first and then put you back on the list.

Mr. Reville: Sure. Mr. Adams should go ahead.

Mr. Adams: I was willingly patient; I was not restless. I enjoyed the exchange this morning. I found it very interesting.

I want to talk about a particular aspect of community-based care. From what I have heard in the last couple of days, there is general support of that thrust in this area of health care, as there seems to be elsewhere.

We discussed yesterday the sorts of challenges it presents for the auditors. For example, in a successful community-based health care system, you cannot calculate the costs the same way you can in a very structured system, and therefore it becomes very difficult to compare spending yesterday under a very structured system with spending today on a very dispersed system. Yet we see the dispersed system as being very desirable.

The other thing it presents, and that came out a bit this morning, is a challenge for you in this question of focus. It does seem that a really good community-based system, although organized and controlled, is not focused in the way an institutionally based organization can be. That is a very difficult thing to do. In the ideal case, the players are in the community and the community environment is working without the ministry obviously intervening every day, every hour and so on.

I was thinking last night of how often rural questions have been brought to my attention in the health care area since I became the member for Peterborough. I can recite some of the groups. Some of these you could relate to mental health care, but they are not obviously mental health care.

We have two hospitals in Peterborough, St. Joseph's General Hospital and Peterborough Civic Hospital, and the rural matters have come up in dealing with them; various substance abuse groups; the Five Counties Children's Treatment centre, which is, by the way, in Peterborough and very much a rurally oriented organization; the Canadian Mental Health Association--the local people; the Young Women's Christian Association, which is very concerned with abused women, a rape crisis centre and things of that type; the Young Men's Christian Association, which has a variety of programs, but one of them has to do with day care; the Alzheimer Society of Ontario locally; local speech therapists as a group; the county medical association as a group; various nursing homes and homes for the aged, private and public; local physiotherapists' organizations; those concerned with housing, those concerned with seniors and so on.

On thinking about it last night, I was surprised. My riding happens to be the city of Peterborough, which has about 60,000 people, and a surrounding area which is really, although farming, quite suburban. Yet these groups were coming and talking about rural problems. I wonder if you could talk generally about the particular problems of community-based mental health care in rural areas and how the ministry is handling those.

Dr. Barkin: Perhaps I could go back to your general catalogue first before I get into that because the catalogue which you have given is one of the catalogues that faced me on my first briefings when I walked into the office. The first briefing book they handed me was the number of constituency groups that had an interest in health affairs and that I likely would hear from at some point or another. There are 2,200 of them. They take an entire book.

One of my great worries in planning and integrating services is that we have now reached a stage of what we euphemistically refer to in the ministry as advocacy gridlock. There are so many advocates for small groups and small interests that decision-making is virtually paralyzed instead of moved forward

by that advocacy process. Trying to develop a planning mode to integrate with that has become one of the biggest challenges I have had to face. Having given you that preamble and let you know what that is like, it is interesting that for every 60,000 people we are now going to have 25 or 30 advocacy groups. That is about the ratio we are beginning to see.

I think I will ask Mrs. Mauro now to speak to the various integration models, particularly the one that affects your area, which is kind of interesting.

Mrs. Mauro: We have developed, in concert with Grey-Bruce area--that is, Owen Sound and the surrounding area--because that is largely rural and Owen Sound is a fairly large community, an integrated community mental health model. How do you service people living in farming communities, largely rural communities? It is unrealistic to assume that you are going to set up community mental health clinics in all those small towns or rural centres. It just cannot be done. You cannot recruit people and you cannot have a full range of services there to support such a small number.

The Ministry of Health from 1983-84 onward worked with the Grey-Bruce area in developing a comprehensive rural model. What it looks like today is there is a corporation, one administration with a range of programs linked to it. In some cases, for instance, they are in the small communities. They have one mental health worker living right in that community, who, as part of the Grey-Bruce corporation, gets support from that corporation and has access to mental health professionals, so that person is not in isolation.

Also, that corporation has been able to link addiction services--counselling, assessment and referral services--under one administrative umbrella. There is a core group that can support the rural programs and travelling mental health teams but also people stationed in those communities. We are evaluating that program now in concert with the district health council and the Grey-Bruce corporation, and it looks like a very effective way to deliver services.

Mr. Adams: One of the things that interested me when I was thinking about it again last night and before was that I actually did not expect the level of mental health problems in the rural areas that was being described. There are the two sides of it. I can see how difficult it is to be able to deal with it on a community basis, and you have addressed that. We tend to have this view here, because of the emphasis of Metro, for example, of this idyllic, rural, stress-free environment. The women's groups in my area, just to use one example, have gone to great lengths to describe to me the enormous difficulties--stress--faced by women in the rural situation.

1130

Dr. Barkin has discussed the difficulty of getting databases. To what extent is that normal? To what extent is the level of mental health problems in rural areas known in the province?

Mrs. Mauro: It is an emerging area. For instance, there is now an affiliation of rural mental health workers in Ontario, and there are people from your area involved in this federation, collaboration, of rural mental health workers. Indeed, over the last two fiscal years, the Ministry of Health has provided funds to the rural mental health workers to have conferences, to share information, to look at models of delivery. There are also moneys

available for those individuals to travel to Owen Sound, for instance, because that model seems to be a very viable one, and share information and learn from that experience.

We also have a similar setup in the Guelph area. Again, there is a large rural population stemming from Guelph, the farming communities. They are also doing satellite clinics in Newmarket-Orangeville--I am forgetting another--but having satellite offices for the rural population.

The other point is, when you are servicing a rural population, you get every type of client, so you cannot be program-specific as such. For instance, you identified women in rural communities who really feel socially isolated and need lots of support--day care services, flexibility to share their feelings with other women and, really, to get more involved in the community. The mental health workers have to be very versatile and flexible, because they get a variety of problems.

When you are looking at a rural mental health worker, you have to look at someone who obviously has a broad range of skills. But the other important thing is that you have to provide the support systems for that individual to live in that community. Otherwise, it is a pretty lonely job. In looking at these models and the corporations, you have the person in that community involved with the people but also the support from the central corporation.

Mr. Adams: The preventive side, it seems to me, which we discussed briefly yesterday and which should be such an important component of what you are doing seems to be particularly difficult in the rural areas. Again, to give an example which is mental-health related, that is speech therapy. I was told that if children with certain speech problems can be dealt with at a certain age in their development, then the problem can be solved; but if they cannot, the problem becomes very difficult, if not impossible. Then I was told that in the rural schools, because they tend to be smaller and so on, the resources are not there in the school to help the child and so on. That is an observation.

Dr. Barkin: I cannot comment on that issue because I do not have any specific information. I think the one thing you have raised, though, that needs to be emphasized, because again, it arises out of comments of yesterday, is that for the first time we are seeing people in the rural environment admit to the fact that it is not as idyllic as it has been pictured, and they are coming forward seeking help. That is the first step, if you like, in terms of our ability as a ministry to respond. It is just to know that there is a client base that will come forward and seek help.

The Graham group has been looking at rural issues--that is one of their mandates as well--and we also have a task force that is now preparing a proposal for northern Ontario. Children with special needs, including special health needs, have been identified as a very specific requirement there, and I am expecting, based on the input we have provided to that process, that there will be some ability to address that issue. Our difficulty will be in recruiting the speech therapists and workers necessary to deliver the service, not in committing ourselves to funding it.

Mr. Adams: It was an example. I have one more. I described to you Peterborough riding, but we are also the Kawartha-Pine Ridge-Haliburton catchment area, so in fact we have a very large rural catchment area. But it happens that not only the hospitals and the Five Counties Children's Centre

but the headquarters of all these groups--and I listed them--are actually in Peterborough. I know, and I have forgotten the term, but our hospitals get some designation because of their regional catchment, and they get general support for that. But it does seem to me that groups such as those I mentionned--let us say the Young Women's Christian Association, just to use them as an example--in Peterborough, are particularly stressed because of this rural problem. Actually, what they are trying to do, they developed in a modest urban setting. They developped to deal with that urban setting, and they find themselves dealing with this catchment area, which is partly a structured catchment area because of the designation of our local hospitals.

So they have to deal with rural problems, and I wondered to the extent to which groups based in communities like Peterborough, which are the base for a much larger region, get recognition for what they are doing outside of their particular community.

Dr. Barkin: I think that you touched on the issue which I alluded to earlier about the decision-making grid lock or advocacy grid lock. It would be impossible for the Ministry of Health to respond to every single group in the province who have said, "I have got this particular issue; I would like to do this or this." In fact, if we did so, I would not be able to come before this committee and escape unscathed. I would have a lot more bruises than I have at this moment from our encounter.

Our goal, therefore, in dealing with regional issues must be to put in place an overall monitoring with a single responsible authority, to which the local agencies can gravitate and make their needs felt. That is why the corporate model fits in Grey-Bruce. That is why Peterborough happens to be one of the places where the district health council does work well with the local Ministry of Community and Social Services agencies and why we would look to the DHC to advise us. We would resist very strongly having all of the advocacy groups, or those who have a role to play in the health system, approaching the ministry individually from their local areas. So if they have a problem, they have identified a local need, the planning body for our decision-making process has to be the district health council. I do not think we could respond to anything else but that.

Mr. Adams: Thank you.

Mr. Chairman: Mr. Reville, do you have any further questions?

Mr. Reville: I have thousands of questions, but I am going to save them for another day.

Mr. Chairman: Are there any other members that have any questions? I see no hands up, Dr. Barkin and staff, it has been a pleasure having you before us. Often public servants take a blood transfusions before they come, but in your case, it does not look as though you needed one.

Interjection: Blood doping is not done in the year of the Olympics.

Interjection: You can take it during the hearings.

Mr. Jackson: Or you can take it during the hearings, one or the other.

The hearings have been, as I indicated when they began, an important part of own my education as a new deputy minister, and I think I acquired some insights that will be helpful to me in making ministry plans go forward. Thank you very much.

The committee adjourned at 11:39 a.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF THE ENVIRONMENT

MONDAY, FEBRUARY 22, 1988

Morning Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Gureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Also taking part:

Marland, Margaret (Mississauga South PC)

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Yarmolinsky, Larry, Audit Manager, Social Policy Branch
Osti, Ezio, Director, Economic Policy Branch

From the Ministry of the Environment:

Posen, Gary S., Deputy Minister
Balsillie, Dr. David, Assistant Deputy Minister, Environmental Services
Division
Castel, André, Executive Director, Corporate Resources Division
Giles, J. Walter, Associate Deputy Minister, Intergovernmental Relations and
Strategic Projects Division
McIntyre, C. Erv, Executive Director, Approvals and Engineering

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, February 22, 1988

The committee met at 10:09 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF THE ENVIRONMENT

Mr. Chairman: We are pleased to welcome Gary Posen, Deputy Minister of the Environment; Walter Giles, Associate Deputy Minister of the Environment, intergovernmental relations and strategic projects division; Dr. David Balsillie; André Castel; and Erv McIntyre. I ask these gentlemen to kindly come to our witness table.

The committee has only one day in which to deal with this rather important matter. We have before us a number of issues from the Provincial Auditor's report--his claims of lack of verification on acid rain contributors, improved enforcement required in the water pollution, the lack of adequate tendering services for services acquired and tighter control required for the use of vehicles.

I propose that we separate the lack of adequate tendering for services required and the tighter control required over the use of vehicles from what I would label the more directly environmental issues. If we start floating all over the place, we are going to get somewhat scattered in our questioning. Since the environmental issues lead logically one into another, I would rather not break that down further and therefore would open up questioning in any of the environmental issues.

You have briefing notes from our researcher and have been briefed by both our researcher and the auditor's staff. The Ministry of the Environment has a slide presentation it would like to make. We do not have the equipment here, and I propose we have the slide presentation some time later this afternoon when we are able to set up the equipment.

The deputy minister, Mr. Posen, has an opening statement. I invite him to start by giving us his comments.

Mr. Posen: I would like to note that the slide presentation relates to the acid rain item and we would like to be in a position to use those slides as an aid to our explanation of the situation when that issue is raised, if that would be possible.

Mr. Chairman, honourable members, I welcome the opportunity to appear before you and to assist the committee in its review of section 4.7 of the 1986-87 Provincial Auditor's report.

The report has touched upon a number of important areas that are key to the effective delivery of the ministry's mandate. The foremost of these is the ability of the ministry to ensure compliance with its legislation, regulation and orders.

At this juncture, I do not wish to address in detail each and every point raised by the auditor. Rather, I intend to set before you the context within which the ministry must operate, the administrative direction that is being taken to effectively deliver improved environmental quality and, by extension, the manner in which concerns raised by the auditor are being addressed.

The ministry has an extremely broad mandate for environmental protection, which, by its very nature, is in a constant state of change--change that continues to be dramatic even today. We have come a long way from the Ontario Water Resources Commission of the 1960s, where the mandate centred on the provision of water and sewage infrastructure and the control of lumps and colours in effluent. Armed with much more sophisticated methods of sample analysis and a much better understanding of toxicology, it has become clear that toxic chemicals pose a major threat to human health and the environment at concentrations that are so low we have only recently been able to detect them.

The ministry is regularly required to deal with what I prefer to call buried treasures, newly discovered toxic and hazardous wastes disposed of by those who either did not know any better or did not care. The identification of 41 coal tar sites which may contain carcinogenic waste is only a recent example.

Similarly, problems with the disposal of municipal waste are becoming increasingly critical and, in some cases, the legacy of badly managed landfills is now threatening local drinking water supplies.

These and other challenges that the ministry must come to grips with are demanding ones. They have required a major rethinking of ministry programs and directions and the substantial realignment of its resource base. Most recently, the ministry has taken a number of aggressive steps to address them.

The minister has set as a goal the virtual elimination of toxic contaminant discharges to the environment through such new regulatory initiatives as the municipal industrial strategy for abatement, or MISA, for water; the newly announced clean air program, or CAP, also known as regulation 308; and amendments to regulation 309 to ensure that hazardous liquid and solid waste are treated and controlled at approved facilities.

A comprehensive waste management program is being put in place to ensure a well integrated approach to the management of waste. This includes enhanced support for recycling, reduction, reuse and recovery of waste and for the development of sound waste management practices by municipalities.

Steps have also been taken to strengthen the enforcement activities of the ministry. In fact, since 1985-86 these efforts have resulted in a 990 per cent increase in enforcement investigations and a 217 per cent increase in the number of charges laid. The throne speech announcement of the doubling of enforcement staff will undoubtedly result in further dramatic increases in these indicators.

Key to our current context is the level of public interest in the environment. The public has become very demanding and very concerned about its health and welfare and the effects local sources of pollution are having on it. This has resulted in a significant increase in the complaints received by the ministry. In the current year, from all sources, they are expected to e

ceed 19,000. Few are simple. For most, initial responses are only the first step in a long series of actions required to resolve them.

The initiatives that have been implemented by the ministry continue to result in significant improvements in environmental protection. However, each one bears a significant cost for both the ministry branches intimately involved in their implementation and for those that must deal with the resultant spinoff effects. For example, increased inspections identify more failures to comply, which necessitate investigations and enforcement action, legal proceedings, abatement activity and revised certificates of approval. Each element is interrelated. None can be changed without affecting the others.

I can illustrate this with a real-world example. The example is a small secondary industry, an aluminium smelter which was poorly operated and maintained. Fugitive air emissions occurred, which resulted in complaints from local citizens. In addition, runoff from an onsite slag heap was causing contamination of ground water. Local residents formed a citizens group and retained the Canadian Environmental Law Association to act on their behalf.

The ministry conducted ambient air monitoring around the facility, phytotoxicology studies to assess vegetation damage, surface water monitoring and domestic well sampling. Air and surface water quality were determined to meet health and environmental standards. However, one well was contaminated and a control order was developed requiring abatement action on the part of the company.

Despite assurances, the company's fugitive emission problems continued. The ministry issued a violation notice and amended the existing control order. The plant was subsequently inspected. It was determined that the company had not complied with the amended order and it was issued a summons. The company retained a consultant to correct the air emission problems and to develop the required application for a certificate of approval. The ministry initiated a consultation program to ensure the public's participation in the decision-making surrounding the application. After extensive negotiation with the company, the municipality involved, the citizens' group and the Canadian Environmental Law Association, the certificate of approval was issued.

In spite of all these determined actions by the ministry, the company continued to store its onsite wastes in an improper fashion. The ministry therefore initiated prosecution action, which resulted in the company being found guilty and fined. The ministry then had to begin negotiations for a revised certificate of approval, involving a new round of public consultation and continuous monitoring of the plant to ensure compliance.

Here we had one facility, many complaints and a very substantial commitment of staff resources. In fact, at the heart each and every cluster of complaints is a complex problem requiring significant action that touches many parts of the ministry--abatement, enforcement, legal services and the central resource branches that supply the necessary technical and policy advice and assistance.

In a similar vein, substantial demands are being placed on the ministry by the escalating role hearings have come to play in the day-to-day operations of the ministry. Hearings are important, for they provide an opportunity for the public to formally participate in the decision-making process. This is actively encouraged by the ministry. Hearings are, however, very time-consuming, often requiring the dedication of important staff members for significant periods of time.

Similarly, reviews and hearings under the Environmental Assessment Act are also increasing. Long-standing exemptions of major classes of undertakings are now ending, resulting in substantial increases in workload. In fact, within many base programs of the ministry, workloads have increased dramatically. In the past two years alone, the number of certificate-of-approval applications has risen 60 per cent, environmental assessments are up 32 per cent, environmental spill responses are up 22 per cent and required cleanups of historic wastes have increased 18 per cent.

The implications of these initiatives on ministry management have been substantial. The ministry has made significant efforts to accommodate both increasing pressures and new initiatives. It has not been possible to do so, however, without the streamlining of programs and the reallocation of resources. Activities that directly meet the needs of the public and have a bearing on public health and safety are deemed to be of the highest priority and given preferred treatment. In sum, the deployment of our resources has required management decisions which incorporate an assessment of priorities and of relative risk.

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I do not deny that problems and inadequacies exist. The auditor's report makes that clear. But the task that lies before the ministry is a formidable one and it is a challenge that we knowingly accept and shall face. It must be recognized, however, that the nature of that challenge has changed over the last number of years. After a lengthy period of constraint wherein the ministry did more with less, there has been a recognition of the importance of environmental protection, bringing with it a substantial increase in resources.

These resources are playing a major role in the ministry's implementation of regulatory initiatives designed to virtually eliminate the discharge of toxic contaminants to the air and water. It has been a period of transition which has strained our management and administrative resources. Existing systems must be integrated, staff retrained and the industries of the province educated as to our new expectations.

In summary, management efforts have concentrated on responding to the increased number of complaints as well as the strengthening of the investigations and enforcement activity, with its spinoff effects on almost all other aspects of the ministry. In addition, over the past two years, new policy initiatives have required management's attention, as has the need to reallocate resources to meet emerging priorities.

Over the next 12 to 24 months, a priority of the ministry's management will be to upgrade and modernize our administrative systems, both regionally and centrally, to ensure that they reflect the nature and scale of our current and expected activity.

We look forward to your constructive suggestions and continued support in delivering our mandate for environmental protection.

Mr. Chairman: Thank you for your remarks. Does Mr. Archer have a statement or a comment before we open to the members?

Mr. Archer: Just in listening to the deputy, I see that essentially the ministry has agreed with the findings in the auditor's report, and it has indicated a number of directions and steps that it intends to take to improve

performance in the future. I certainly read the deputy's opening remarks as a very positive document, while at the same time, the ministry has clearly pointed out that the job it has to do is by no means an easy one.

Mr. Chairman: I have one questioner on my list so far, Mr. Pouliot.

Mr. Ballinger: A designated hitter.

Mr. Pouliot: An ongoing survey of some 5,341 lakes in Ontario has revealed that 220 of those lakes are already dead. Furthermore, 694 of those lakes are extremely sensitive to acid rain in Ontario. Can you identify the four main sources of acid rain in Ontario?

Mr. Posen: As members are aware, the Countdown Acid Rain program is the focal point of the ministry's efforts to deal with the major SO₂ producers in Ontario. They involve Inco, Falconbridge, Algoma and Ontario Hydro. At the same time, we are aware that even if we achieve the limits which have been placed on those companies by the Countdown Acid Rain program by 1994, Ontario will continue to suffer from acid rain because of the contribution that is made to that problem by the United States.

Mr. Adams: I have a supplementary.

Mr. Pouliot: Can I have one more? Can I go on and then you can carry on? I have a follow-through with the question.

Mr. Chairman: You are on the list. If you allow him a supplementary, you can continue with your questioning.

Mr. Pouliot: OK.

Mr. Adams: I understood the question to refer to lakes. It seems to me that one of the problems with monitoring these thousands of lakes which the member opposite mentioned is that it is very difficult to say, over a short period of time, what is happening to a particular lake.

I understand the ministry has a program at Dorset which has been for many years monitoring a selection of lakes. Can you comment on that as a way of monitoring the changes going on in the lakes in the province?

Mr. Posen: You are referring to the facility in Dorset which has been involved particularly with the Muskoka lakes. I am going to ask Dr. Balsillie, the assistant deputy minister for environmental services, to respond.

Dr. Balsillie: As has been pointed out, we do have a long-standing research centre at Dorset, Ontario, and we have been looking at a number of lakes and watersheds in that area. We have been studying the deposition rates, both by wet and dry deposition, of acidic materials. We have a number of calibrated watersheds and we have a number of studies related to what we call the deposition, the throughput, which goes through the canopy of the forest in that area, or the stem flow, the water which runs down the boles of the trees or the trunks of the trees into the soils, following that same water either over the soil or through the soil and into the water systems.

We have watched with dismay the deterioration of a number of the lakes in the Muskoka-Haliburton region. We have calibrated those lakes and the deterioration of the small one-celled or small multiple-celled what we call

phytoplankton, the small plants, or zooplankton, the small animals, the fish and, ultimately, the water quality, which leads to clear lakes. Ultimately, another set of materials comes in. The filament is algae, which is unfortunately called elephant snot by the local cottagers because when you pick it up it is long and stringy and hangs down and makes swimming very difficult. There is another algae which causes a rotten, skunk cabbage type of smell in your area, so that the cottagers are not very happy with that.

We have integrated a number of studies in the Dorset area to document the deterioration of lakes and lake water quality in that area, and then, using those studies, have extrapolated to other lakes what we expect to be the deterioration of those lakes if something is not done in order to reduce the deposition of acidic material to those watersheds.

Mr. Adams: As a monitoring device, how does that stand up in the world scene. Would you say it is world class or regional class?

Dr. Balsillie: I would say it is world class. We have participated in a number of other studies around the world, including one in Norway. Our scientists are asked and requested to come to the United States as people who are capable of pre-reviewing water quality studies with the national acid precipitation assessment program in the United States, known as NAPAP, so that our people have been recognized internationally and our work has been recognized internationally in this area.

Mr. Adams: Do the scientists live there or in Toronto?

Dr. Balsillie: They live in that area.

Mr. Pouliot: At the risk of sounding parochial, I want to bring the world class--I am surprised you did not involve Pacific Rim--back home. You have identified the four largest contributors of acid rain in Ontario. The auditor's report for 1987, and I am quoting, states: "Our review of the ministry's control over these four companies"--we have already identified them--"in light of the 1985 regulations revealed that the ministry was accepting the data submitted by these companies at face value without performing an independent verification of the results reported. We also noted that one of the four contributors of acid rain reported sulphur dioxide exceeding the control order emission limit to the ministry on a number of occasions within a year without being investigated."

What specific or short-term measures has your ministry instituted to better monitor acid rain emission?

Mr. Posen: Let me answer the question on a number of levels. The first is to note the seriousness with which the ministry takes the acid rain issue. It has been very much a focus of much of our activity and much of our expertise. The ministry made a conscious decision at the time the Countdown Acid Rain program was put in place not to carry out an independent verification of the statistics we would be receiving because we had 10 years of experience with a mass balancing system and because we had in place air monitoring stations that would allow us to make a strong judgement as to whether the statistics we were receiving from these companies were supportable or not. Looking at the complexity and cost of developing an independent system, we determined not to do so.

In the short term, to answer your point, I think I would go on to say that having made that decision, it was not a decision that we ever shared with any of the four companies. None of them knew whether or not we would be performing an independent verification or coming around to visit them independently.

Once we had seen a draft copy of the auditor's report, it became clear that when it was published those companies would know what our game plan was, and it became important then, both in our dealings with them and in our dealings with the United States, that we have short- and longer-term alternatives to the system we had chosen.

As a result, immediately in November and planned every two months, we took samples of coal and the materials going into the process from the four companies. In the longer term, we have committed ourselves, through a consultant, to both assess and develop an independent verification system.

I am going to ask Dr. Balsillie to talk further to this point. He is the expert in this area, as a former director of our air resources branch in the ministry and onsite in Sudbury in the northeastern region.

Dr. Balsillie: This is where I had planned to show a few slides of sources and activities where the ministry was involved in a historical context to put the mass balance reporting into context. However, without the slides and the pretty pictures, I will try to paint a picture for you in words so that you can understand and come to grips with this particular situation.

We have the four major sources, the two nickel-copper smelters in Sudbury, an iron ore sintering plant run by Algoma Steel in Wawa and several coal-fired generating stations operated by Ontario Hydro.

With regard to the Sudbury situation, between 1975 and 1980, there were what we called the Sudbury environmental studies. These studies led to several reports which were released by the then minister in the House and include stack sampling programs relating emissions to plant activity and subsequent plume studies using a helicopter and fixed-wing aircraft to measure the levels of SO₂ in the plume oxidation rates of sulphur dioxide to sulphates, which is important for acid rain, and the plume dispersion. We developed dispersion meteorological condition relationships to predict the ground level concentrations in the Sudbury area.

From approximately 1970 to the present--there was monitoring previous to 1970, but I would not call it state of the art by any stretch of the imagination--we have had a modern ambient air quality monitoring network around Sudbury. Two of the stations are, in fact, air pollution index stations similar to the ones in Toronto, Hamilton, Windsor, etc. All stations--there are 11 at the present time--are telemetered to the Sudbury office, so if the readings go over 0.5 parts per million for any two hours in a row, an alarm sounds and action is taken to determine the source and why the levels are reading over 0.5 parts per million.

In Sudbury, there is a similar network. It is less extensive because it is a smaller area, but those numbers are also telemetered directly to the Sault Ste. Marie office.

There are two sets of things we have here. One is the acid rain regulations, and those are the regulations which limit the amount of sulphur dioxide which can be given off through the stacks into the atmosphere. The

other thing we have is a control order, which has as part of it a supplementary control system whereby emissions at those three operations have to be limited during times when the dispersion conditions are such that the ground level concentration will go over 0.5 parts per million.

There are special meteorological computer models which have been developed specifically for each of those three sources. Taking the weather forecast and the rate of production for that day, they can predict what the downwind concentrations are going to be, in order to keep those levels below 0.5 parts per million. There are reports daily on plant emissions and the expected periods when there would be higher than normal SO₂ levels.

Inco also has in-stack monitors. These are continuous in-stack SO₂ monitors. There is one which is on line and one which is a backup in case the first one breaks down. They report on hourly emission rates, and those are electronically sent to the Sudbury office of the ministry on a 24-hour basis.

Stack sampling, however, monitors only that material which goes up the stack. At the Inco operation, about 20 per cent of the emissions are emitted through what is called the roof monitors, which are openings in the roof over the converter aisle, so that amount would not be necessarily be measured by the stack monitors.

In developing the Falconbridge supplementary control system, the ministry and Environment Canada worked together and combined forces for a special 30-day field study in 1983 where we looked at process monitoring, at stack sampling and ground level monitoring from the fixed stations, plus use of our special mobile vans and meteorological monitoring. We developed an understanding of the relationships between plant operations, emissions, the weather and what goes on in the ground with regard to the ground level concentrations. During those studies, we found that mass balance calculations and emissions monitoring testing were in very close agreement.

If we turn then to the methods of calculating the mass balance, this is not necessarily a straightforward or an easy thing to do. Because there are a large number of processes at both the Inco and Falconbridge smelters, a lot of samples have to be taken. There are measurements of the sulphur levels in the ore, in the tailings, because if the material can go from the ore it can go to tailings rather than into the system, in the matte or product, and you have to look at the volumes or the masses of material which are produced. Then you have a calculation which determines the total SO₂ released into the atmosphere, either through the stack or from the fugitive emissions.

In the Inco smelter, 40 sampling points are sampled once per shift and we get a quarterly report from Inco which reports on the emissions data, which is a result of approximately 9,000 separate analyses to produce these emission numbers. Ministry of Environment staff review the data submitted and verify the calculations, but as the auditor has correctly pointed out, we do not independently audit the raw data.

With regard to Falconbridge, on each shift there are samples taken from the feed streams, such as the roasting stream, smelting and converting. There are about 10 samples taken per shift and a daily composite is produced. At the month's end, physical inventories of furnaces, bins, etc. are made so that you can get the balance of all the material that was in the system. Weights of inputs and outputs are continually performed.

Since there is a double acid plant at the Falconbridge smelter, acid plant production can also be used as a check on throughput production. Monthly reports then are supplied on emissions using that mass balance data.

At Wawa, the situation is not so complex. Essentially, all they do at Wawa is to crush the iron ore, put it on to a belt, heat it and it catches fire literally, and all the emissions are passed up through the stack. So it is only a question of measuring the raw ore and then what goes out the stack, because there is no sulphur containment.

Mr. Pouliot: I worked 20 years in a mine as a tradesman flotation operator, so I am quite familiar with the terminology you use, although since our mandate, we were quite busy on the job, we tended, with the highest of respect, of course, to broadly summarize that we have expertise. Nevertheless, it is quite welcome.

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I have one final question regarding Ontario Hydro. As I recall, the minister announced with great fanfare the adoption of a plan drafted by Ontario Hydro. I am talking specifically about the banking provision or banking system, and I see that there has been a volte-face. There has been a change of attitude regarding the banking system designed by Ontario Hydro. Why did you shy away from the banking system and what do you have in lieu of it?

Mr. Posen: I am not aware of any change in the policy that was announced by the minister. I gather the select committee of the House looked at the proposed, the then banking provision, and it was decided that it should be removed. I am not aware of any change in that policy.

Mr. D. W. Smith: There is a comment that you made on page 6 of your opening remarks, down in the second last paragraph. I just wonder if you could expand on it a little more. You have said, "After a lengthy period of constraint wherein the ministry did more with less..." How do you feel that the ministry accomplished more? Is this with less money, with less staff? I just wonder if you can expand on that, because I believe during the years of 1979 to 1983, there were very few or maybe no inspections performed in some areas. I just wonder if you can expand on the quote that you have made there.

Mr. Posen: I think the only point I was trying to note is simply that in the past two or three years, the ministry has managed to attain a generous increase, relatively speaking, in its resource base. If one looks at the earlier period, the government policy of the day was a restraint policy. It applied to the Ministry of the Environment as to all other ministries and it was within that context that the ministry then carried out its mandate.

André, I do not know if you would like to remark further on that.

Mr. Castel: I was just going to give some numbers to illustrate the point that was made by the deputy minister. If we take our 1982-83 budget, we had \$346 million; in 1983-84, we went down to \$314 million; in 1984-85, the downward trend continued to \$308 million; and then in 1985-86, we saw a tremendous increase in resources and we went up to \$344 million, to \$360 million in 1986-87 and to \$412 million in 1987-88.

Mr. D. W. Smith: But how can you make the statement that you feel you did more with less? In those years that you were receiving less money, do

you feel, in your opinion, that you have done more for the environment? How did you mean that?

Mr. Posen: I think what we are using is a bureaucratic shorthand in which the ministry carried out its mandate as best it could with reduced resources. The only point I was trying to note is that demand on us has been increasing and it was increasing during that period as well. The resources were not there. There are additional resources.

I think what struck me, coming into the ministry over the past six months and looking at the statistics and activity, is how dramatically the demands on the ministry have changed over the last three or four years. What I was trying to note simply in the opening statement was that those demands, as the Provincial Auditor has noted, have meant that a number of our systems have not been able to keep up with the level of demand, the nature and scale of the problems that we have noted. That is what I think we have begun to change and that is what I think the challenge will continue to be over the next year or so.

Mr. Smith: Do you feel that by maybe not doing as much inspection work in those past years, we are going to pay dearly in the long run or in the near future for lack of inspection in some areas?

Mr. Posen: It is a question that I would almost want the minister to answer rather than myself. We are beginning to tread somewhere between the administrative and the policy sides of it. I am no environmental expert, but I think from what I have learned over the last number of months, there are major challenges out there. There are demands that all members of the committee undoubtedly hear from their constituents for those problems to be dealt with.

Our understanding of them, scientifically, technically, has increased and changed. As I noted in my statement, 10 years ago we were capable of measuring water quality in parts per 100,000 or parts per million; we are now capable of measuring it in parts per quadrillion. Whether there were contaminants or toxins in water 10 years ago, none of us knows, because we did not have the capability to measure them. Now we do. As a result, the kinds of reports that we issue raise concerns and must be dealt with.

Mr. Smith: Leading from that answer, do you feel that in the St. Clair River area, where there are quite a few plants, we have made great gains in cleaning up, or do you feel we have a long way to go? Can you make any comments on that area?

Mr. Posen: I can answer both of those questions yes. I think we have made major gains over the last few years, but there is still a long way to go. I am going to ask Walter Giles, who is the associate deputy minister and has the responsibility for the St. Clair River remedial action plan, to comment.

Mr. Pouliot: Can you swim in it now?

Mr. Posen: I am not sure that I would personally want to swim in it. You could drink the water from it.

Mr. Smith: You always could, Mr. Pouliot.

Mr. Giles: Just expanding a little on what the deputy has said, as a result of the focus of attention that there has been recently, yes, we have certainly seen improvements in the companies. They, of course, are leading in

the area of the municipal-industrial strategy for abatement program. As an industry, they are one of the sectors that are working closely with us and have been from day one, so I think the long-term prospects there are very good.

Mr. Cureatz: I have a number of questions just to begin and then we will allow other committee members to get in on the record, so possibly this afternoon we can get into the more detailed aspects.

I was interested in your opening statement, and also in the auditor's comments in terms of his support of the statement, indicating that there appears to be an attempt to meet the auditor's suggestions in areas that could be improved by the ministry. We are wondering, in general terms, if the ministry has a self-regulatory process that reviews itself every year so that we need not necessarily have the intervention of the auditor to point out the various discrepancies in areas that could be adjusted to enhance the spending of public funds in the ministry.

Mr. Polsen: Certainly as part of our estimates process and certainly as part of reviewing our own activities, we do look over those issues. The auditor's looking at them and pointing at them does give them a certain focus in our own internal review.

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Let me ask Mr. Castel, our executive co-ordinator, corporate resources division, to comment.

Mr. Castel: In October 1986, the ministry realized that some improvements had to be done to meet the growth that was taking place and the number of new policy initiatives that were being undertaken. The ministry then reorganized its financial administrative division completely, and a corporate resources division was established with two new branches. I would like to concentrate on these two new branches because they are extremely important in the comments the Provincial Auditor has raised.

The first one is the systems information and technology branch, which is headed by a director. This branch did not exist previously as a branch. It was established and charged with the responsibility to streamline the implementation of ministry computer systems and to finalize the ministry's long-range system plan. The branch now oversees the acquisition of all computer equipment and services to ensure that proper procedures are followed and that the ministry is making effective and efficient use of modern technology. All such acquisitions must now be approved by the director.

The second branch that was established at the same time in the reorganization of 1986 is the administrative services branch, again headed by a director. A number of administrative functions were combined under the senior manager in an effort to improve services to client branches and regions and to initiate better compliance with Management Board of Cabinet directives and ministry policies.

Since its inception, the branch has introduced a number of improvements, in my opinion. First of all, new policies on the purchase of general goods and services and consulting services have been prepared. A new approval system to check on tendering and evaluations has been instituted. New procedures have been put in place for local purchases and emergency purchases by regional offices. All purchasing of consulting services is now processed through the purchasing section.

Fleet management co-ordinators have been established for each branch and region to maintain the vehicle fleet, assets co-ordinators have been appointed for each branch and region and regular physical counts of ministry assets are now part of our ongoing business. A strong message has gone out to all managers reminding them of their responsibilities to comply with purchasing directives. Previously, branches were doing their own tendering for consulting services. We have now centralized this system and they are all done through the administrative services branch.

A purchasing officer reviews and approves any purchase up to \$35,000. The supervisor or the manager of the purchasing section reviews every purchase from \$35,000 to \$99,999. Any purchases totalling \$100,000 and above are reviewed personally by the director of the administrative services branch.

These are two areas that we have tried to focus on, because I think the Provincial Auditor has dealt with them.

Mr. Posen: To add slightly to the answer, I simply note that on becoming deputy, among the early issues raised with me by the senior management of the ministry was the nature of the workload and the need to look at our resources and see how they were being assigned to meet those pressures. I think there certainly is a sense within the ministry that those challenges exist, and those challenges provide an opportunity for us to update and modernize management systems.

Mr. Cureatz: I will direct a question to the auditor. Possibly he could think about it over the next two or three hours. Pertaining to your comments that you were supportive of the initiatives by the ministry, we are wondering if there were specific areas you felt, through the statement that has been read out this morning, were more supportive than in other areas. In other words, in what specific areas do you, as the auditor for the province, feel the ministry is trying to implement some of your concerns, or are you able to tell that by that brief?

Mr. Chairman: Do you wish to reply to that now, Mr. Archer, or report back, as Mr. Cureatz has suggested, after you have thought about it for three hours?

Mr. Archer: I think I will accept his first option and think about it.

Mr. Cureatz: Right. I appreciate that.

Mr. Chairman: Further questions, Mr. Cureatz?

Mr. Cureatz: I do, but I will allow other committee members to go ahead.

Mr. Chairman: OK. Mr. Adams, you are next on the list.

Mr. Adams: I would like to go back to the monitoring question, because it seems to me that the auditor rightly focused on that as a key to everything that is being done in the province. If in fact we cannot monitor the changes or monitor impacts, it does not matter what sort of regulation and so on that we have in place. The auditor focused on the one example, and you have addressed it: the internal sources and the monitoring of the emissions from those sources.

It seems to me that we should have in place across the province all

sorts of networks for monitoring changes in the environment that result from this terrible problem we have, acid rain. I think you mentioned air quality programs. Do you monitor rain all over the province, away from these sources that we are mentioning? We mentioned the lakes. I know that you monitor the lakes themselves. Do you monitor the snow? In the north at the moment, I would think a third of the precipitation that is going to fall this year is sitting on the ground. There must be ways of checking the quality of that before it gets into the system. Could you comment on some of those province-wide programs?

Dr. Balsillie: There are a wide number of monitoring programs across the province. We have 16 of what we call daily precipitation monitors, which open only when it is raining. They are sensitive to the deposition of precipitation on a device which causes the hood to lift and would collect only that rain. When it stops raining, the lid goes back on and forms a tight seal so that we do not get other contamination in that monitor during the dry period. Those 16 sampling sites are spread across the province in groups of two so that we can see the difference between two monitors that are closely located side by side. Some of them are in southwestern Ontario, southeast, the central area at Dorset and others in the northern part of the province.

We also monitor dry deposition but not directly, because material which is suspended in the air does not normally settle by gravity, so we monitor those materials by collecting them on filter papers over 24 hours. We can filter out the gases by absorbance and we filter out the particulates by filter paper. We then monitor those so that we know what the dry deposition is that can be calculated from those samples.

We do have also an air quality monitoring network across the province. This gives us a lot of information on the levels of sulphur dioxide, nitrogen oxides, ozone, etc., from a wide range of monitors.

We also monitor, however, the vegetation and soils across this province in a number of different ways. As a result of the interest in hardwood decline, sparked partially by the problems in West Germany and also by the problems in Quebec, we have set up a large number of plots--I think it is in neighbourhood of 100 to 110 plots--across the province, the southern part of the province, actually, looking at hardwood maple decline to try to determine, one, the sources and, two, the trends in hardwood decline across the province.

We do have a base line soil map which we have developed from digging soil pits across the province. We are looking every five years and 10 years and 15 years to see if there are changes in the acidity of soils and release of metals.

We do monitor the snow in the same samplers which monitor the rain in the summer months. They are modified to accept snow in winter. We also have calibrated watersheds which measure the spring runoff. You mentioned this buildup or bank of acidic materials. When the snow melts, there is a major flush of those acidic materials into the waterways. We have weirs which are constructed on streams so that we restrict that water as it flows through those areas. We know the volumes of water which flow through there, and we know the concentrations of chemicals which flow through there, so we are able to calculate the loadings to lakes, especially in that springtime flush, which is extremely important to those periods when the fish are at critical stages, either in the egg stage or the fry stage. If they get a flush of acid in the spring, it may be the only flush of acid or the only acidic input throughout the season, but it comes at that critical point and we have a loss of the year-class of those fish.

Those are some of the programs. We are also involved with the Department of the Environment in a number of different joint programs. We work together. They have a national network which goes right across the country because they have a national interest. We are a little bit more interested in Ontario, but we are co-operating with the federal government and working with it in terms of its monitoring program and our monitoring program meshing together. We have been involved for many years and we have one of the longest trend-monitoring networks anywhere in the world.

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Mr. Pouliot: I am very impressed with the monitoring that is done. However, only eight of the 16 districts in the four southern regions claim that they do any inspection, with five of them reporting very few inspections. How do you explain the discrepancy between what you have informed us of and the lack of any inspection in four of the 16 districts?

Mr. Posen: I think we are looking at two different issues here. Dr. Balsillie was describing, as requested, the kind of testing for acid rain that we do. We know that the main sources in Ontario are from the two smelters in the Sudbury area, the steel sintering plant in Wawa and the Ontario Hydro coal-burning plants. I think the other air quality measures allow us to have some sense of what in some cases is being produced locally but also in many cases what the total loadings are across the province, what is coming into the systems from the United States and what is leaving the province, in effect, to Quebec, New England and the Maritimes.

Mr. Pouliot: With all due respect, the deputy minister is telling us how; I want to know how often and where. This was the focus of my question, sir, so we were not talking about two different things.

Mr. Posen: We can ask Dr. Balsillie to note just how often the air quality monitoring system works. It is on a continuous basis. It is about to be upgraded further in terms of the system that is available and the number of things that are measured. On the other hand, I am simply noting that the auditor's comment on inspections related to specific problems at specific plants rather than looking at the broad quality of air in the province. David, I do not know if you want to comment further.

Dr. Balsillie: With regard to the monitoring, we do, in some cases, hourly monitoring, daily monitoring or monthly monitoring so that we have an ongoing development of a database with regard to ambient air quality, deposition, etc.

The difference, as the deputy has pointed out, is between monitoring and inspections. What you are referring to are inspections of individual plants where an environmental officer goes to that plant and looks at either process or other things which are going on in that plant or on the plant grounds. So it is the difference between inspections and monitoring.

Mr. Adams: On this question of the monitoring, it does seem to me that the monitoring is of basic importance, because it provides the background against which violations might be assessed and it also provides the long-term change in the province. We have mentioned these networks. Would it be desirable or possible to focus the resources which the ministry has in a few locations for monitoring something as important as this?

Dr. Balsillie: We have focused the monitoring to some degree. In

other words, those areas which are highly industrialized or highly urbanized have a lot more monitoring going on than those areas which are rural in nature. For instance, there is a special monitoring network around Sarnia. There is a special monitoring network around Sudbury. There is a special monitoring network around Nanticoke, where we have the new industrial complex and the Nanticoke generating station. We have responded by putting specialized surveys in those areas.

Where we have regional air quality problems such as acid rain or ozone, then we have other monitors dispersed across the countryside in order to get the regional inputs that are required.

Mr. Adams: Keeping to acid rain, what percentage of the emissions is generated in the province and what percentage is outside? To what extent are we monitoring other people's pollution?

Dr. Balsillie: In our monitoring, there is a gradient which occurs; as you move from Windsor across, say, to Ottawa and then north through Muskoka-Haliburton and around to the northwest, there is a gradient which changes. In southwestern Ontario, the deposition which occurs in that area is about 80 per cent the responsibility of emissions from the United States and 20 per cent emissions which are generated in Ontario.

When you get to somewhere around Dorset in the Muskoka area, we are looking at 50-50. When you get around to the northwest, you are getting back into background area and it is a little more difficult to tell what the sources of the pollution deposition are in those areas. It is a split of approximately that much.

Mr. Adams: Are we monitoring any from Europe, say, and the Soviet Union?

Dr. Balsillie: That amount would be extremely small. You cannot discount global transport any longer. As you know, DDT has shown up all around the world. Lead has shown up in the ice in the Arctic and in the Antarctic, so you cannot totally discount global transport. But if it were 80 per cent from the US and 20 per cent from Ontario, the amount that you would find from other places at extreme distances would be very small.

Mr. Adams: There are some very rich states and provinces around the Great Lakes. Do you know any other jurisdiction which has a more elaborate system of monitoring than Ontario?

Dr. Balsillie: Not so much a state network. The United States national atmospheric deposition program is quite elaborate, but it is not on a state-by-state basis. It is a national program which is very good. I do not think there is a provincial or state network which is as elaborate or as extensive as ours.

Mr. Adams: Thank you.

Miss Martel: I am concerned in particular about the question of enforcement, and I noted with interest in your statement to us that you said steps have been taken to strengthen the enforcement activities in the ministry and you quoted that since 1985-86 these efforts have resulted in a 990 per cent increase in enforcement investigations and a 217 per cent increase in the number of charges laid.

I am wondering how that compares with the report of the auditor where it says--and this is concerning just water pollution in particular and enforcement required in water pollution--based on 300 companies that are direct dischargers into Ontario waters:

"The vast majority of direct dischargers are expected to monitor their effluent on a voluntary basis and submit the data to the ministry.... We reviewed the 1985 discharges report and noted that the ministry had information on only 147 of the 300 companies.... Furthermore, out of the 147 companies: Only 39 companies reported toxicity results to the ministry. Of these, 31 failed the test. On an annual basis, 58 were not complying with the ministry guidelines."

That was concerning acceptable levels of emissions.

I would like to hear your comments on that apparent conflict.

Mr. Posen: The industrial discharges report and the municipal discharges report are both very stringent tests. You fail once in any parameter, you fail once in any given month, and you are in that report. Again, I am going to ask Messrs. Balsillie and Giles to comment further, both on the nature of the test and the enforcement challenge which exists with those reports.

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Dr. Balsillie: The industrial discharges report was a report which the ministry undertook as part of the requirement under the International Joint Commission's mandate related to the Great Lakes agreement where we were required to report to the IJC emissions to the Great Lakes. We were only required to submit the data on a very limited number of things like total phosphorus, suspended solids, etc. But it was a very limited number of pollutants on a limited number of particular sources.

Since 1985, we chose to expand that report to encompass more of the industries across this province that we wanted to get a handle on with regard to the amount of materials they were discharging into the waterways. Since 1985, 1986 and 1987, which will be an even further expanded report, we have increased the number of industries we are reporting upon. More significantly, we have increased the number of particular chemicals they are discharging which we are monitoring.

If we look in another way possibly at the statistics of all of the monthly samples for all of the parameters that are being emitted, then the exceedances or out-of-compliance numbers are in the neighbourhood of less than one per cent.

We are continuing to increase the number of companies we have on the industrial dischargers' report and we are continuing to increase the numbers of chemicals for which they are required to report. It is true that the reporting is related to a volunteer compliance program. However, if we know there is a certain difficulty with a given company, then we can put a control order on that company and require it to submit its information.

With MISA, the municipal-industrial strategy for abatement program, which is coming along, we will be developing a very wide and very extensive database, which will be in the millions of data points per year, for essentially all pipes discharging into the waterways so that in the

not-too-distant future we will have monitoring on all of these sources, we will have these data compiled on the computer and we will have them available in a suitable format for reporting.

Mr. Posen: I note further that the ministry has written to each of the companies which are out of compliance and that regional and district officers are in the process of visiting each of those plants to discuss with them the steps they intend to take to ensure they are in compliance with the guidelines and standards in future years. I note it will not be until the MISA program is in place with a firm standard that we will be able to show major progress in this area. In the meantime, though, the pressure will be maintained on these various companies.

Miss Martel: I would like to continue. I just want to go back to this point because I just do not feel the enforcement is stringent enough, even at this point. I would hate to have to wait until MISA comes into effect and we are looking at more companies.

I go back to the auditor's report, where he suggests that they reviewed 50 companies not in compliance on a monthly basis. Thirty-four were not subject to any ministry control orders or certificates concerning water pollution and 13 companies that were subject to these documents exceeded specific limits and were not considered for prosecution.

I go back to the fact that we were looking at only 300 direct dischargers into Ontario waterways. I am wondering about the 11,000 other industries that pollute Ontario waterways through the sewer systems. Are those companies then going to come under MISA as well, so that the Ministry of the Environment is starting to monitor them also?

Mr. Posen: I think one aspect of the MISA program is the sewage plant control and the sewer use control systems working through the municipalities. Again, I am going to ask Dr. Balsillie to expand on that, but those are part of that program and those 11,000 sources will be included.

Dr. Balsillie: We have as part of the MISA program the municipal sector. We are looking at two areas with regard to assisting in cleaning up the indirect dischargers to the sewers. The first is that we are looking towards a sewer use control program and an improved sewer use control program. The second is how to improve the sewage treatment plants themselves.

In order to get a handle on what was being emitted from sewage treatment plants, we instituted what we call the 40-sewage-treatment-plant survey, where we monitored the influents and the effluents from 40 sewage treatment plants across the province.

What that has now told us is what the chemicals are which are going into the plants and what is coming out. When we had early indications that there were going to be dioxins and furans and polychlorinated biphenyls in certain sludges, we released that information back in November, I believe it was. The full report should be ready shortly and will be released.

A second thing we did was to have a consultant, M. M. Dillon, look at sewer use control options which occur across the world. In fact, they looked at Europe, Japan, the United States and other provinces to find out different ways of controlling materials which are put into the sewers.

That report, which was phase 1, which was a global look at how to control materials put into sewers, was released in November. A second report, which is phase 2 of the Dillon report, looks at the preferred options; in other words, what are the best ways for Ontario to go in order to control what we have estimated at the present time would be approximately 12,000 indirect dischargers? That report will be released some time later this month or early next month, which would indicate to all and sundry the best way to go in Ontario.

The government then, or the Ministry of the Environment staff, would have reviewed this report and we would put together a discussion paper on how we propose to go about controlling materials which are dumped into the sewers. That discussion paper then will come forward in the spring. It will be put out for public contact and for consultation, because this is a very large problem. It concerns municipalities. It concerns industry. It concerns the provincial government, and because of the implications for the Great Lakes and international waterways, it concerns the federal government. We will get input from all concerned and then we will come forward with the proposed methodology for attacking the problem with sewers.

We have a joint technical committee under the MISA program. The professional people are represented by the Municipal Engineers Association. People at the political level are represented on the joint technical committee by the Association of Municipalities of Ontario.

So we are moving forward. In the meantime, we do have a problem with sewers, and in 1975 we did put together a model use bylaw which could be utilized by municipalities across this province. We have provided training and assistance with the implementation of that.

Since ultimately the monitoring and the effluent limits regulations will not come into effect for a little while, we have upgraded the model sewer use bylaw and we have done that with the assistance and in consultation with the municipalities of this province. We are now in the business of trying to implement the upgraded or updated model sewer use bylaw, so that it gives them an opportunity at the municipal level to control emissions of toxics into the sewers.

One of the situations we are in is that at the present time the municipalities are responsible for the sewers which are under their particular grounds. We, the province, are trying to assist them in whatever ways we can in order to limit the amount of materials going into sewers, keep the sewage treatment plants working properly and find out what the effluents are.

Miss Martel: I have one final supplementary. I understand what you are getting at when you are talking about establishing some means to control these at least 11,000 or 12,000 companies. My real concern is that if the ministry at this point cannot enforce control over some 300 direct dischargers that are under its control at this time, how are you ever going to enforce and prosecute over 12,000 companies which may be exceeding those limits in the future?

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Dr. Balsillie: We recognize that this is a major problem, and we recognize that new resources will be required in this area. As a result of that, we have been visiting various centres in the United States which already have instituted similar types of programs.

One of the ways--this is only one, and it will be one of the discussion points in the document we would issue--would be that if you are going to put material into the sewer, or if you want to be able to dump into the sewer, then you would have a sewer use permit and you would have to pay for that right. With revenues received from industries that would have sewer use permits, then some of those funds would be put back into hiring inspectors at the municipal level to make sure that industries were indeed living up to their sewer use permits.

That is one of the options. There are others, but we recognize that additional inspectors would be required to make sure that something in the nature of 12,000 independent dischargers were in fact meeting what they were supposed to according to their permits.

Mr. Chairman: One last supplementary from Mr. Pouliot and then a new question.

Mr. Pouliot: It is getting more intriguing by the minute. With respect, Dr. Balsillie, what anticipated revenue do you expect from the issuance of a sewer use permit? You have said, and I am quoting you verbatim, "The money derived would be put back into the system."

Dr. Balsillie: Yes.

Mr. Pouliot: How do you intend to fund the system you have just proposed?

Mr. Posen: I think one of the options that was being put forward, or the alternative that could be considered, among a number of them which will likely come from the consultant's report and be part of the discussion paper, is the notion that you need a licence, in effect, to put anything in the sewer.

Mr. Pouliot: Yes.

Mr. Posen: There will be a charge for that licence. The charge can be set at any number of levels, but it becomes a source of revenue to help police compliance with sewer use.

Mr. Pouliot: How many more inspectors can you hire from those revenues?

Mr. Posen: It depends what level one sets the revenues. We would see them as being municipal revenues and municipal inspectors, because they would have the responsibility, in one option, for enforcing in their own sewers, according to our standards and regulations.

Mrs. Marland: I want to pursue the question of discharges into the waterways as well. I am really concerned when I hear that in response to the firms that are currently out of compliance, the ministry has written to them and will be meeting with them to discuss what steps they plan to take. When you are looking at 50 firms that are not in compliance on a monthly basis, to write to them and say, "Well, let's sit down and discuss what you are going to do," frankly, I do not think is good enough.

I think when we are talking about beaches being closed for the last five years around the north shore of Lake Ontario because of the lack of compliance by those that can discharge into the waterways, plus the problems with the sewers, I have to ask you, with the permit proposal that you have just

outlined, which sounds to me as though they are then going to pay for the right to continue to pollute the waterways, quite frankly, if you are seeing that as a source of revenue to police the compliance, why do you not just change the regulations and increase the penalty? To police the compliance obviously is not working when we have the kinds of figures and reports that we have today of those firms that are not in compliance.

Mr. Posen: I would express a concern that somewhere I feel I am tripping into the minister's area of response. How the MISA program develops and what options are ultimately chosen become policy items for discussion as part of estimates. While I am happy to share some of the alternatives we have had proposed to us, I would just note my concern in that regard.

In looking at that option we were talking about, I am sure that the notion is not to allow someone to have a licence to pollute. The licence is for the use of the municipal sewer system, and the condition of the licence would be that it would be used only within the framework of whatever standards are set for its use.

The second point I would note is that one of our difficulties in terms of the parameters which the industrial discharge report measures is that many of them are guidelines and become very difficult to enforce in court. The aim of the MISA program is to move from guidelines to standards, which will allow that kind of stricter enforcement to take place.

The third point I am going to ask Walter Giles to speak to again is just the nature of the measurement. When you find one company out of compliance on a parameter in a given month and on another parameter in another month, it is a question of finding out what the problem is with its systems and whether there is something whereby, in an enforcement sense in terms of laying a charge or going to court, we would have a reasonable chance of being successful.

Mr. Giles: I think, as has been indicated earlier, the test or report card that we have published now for the last few years is a very strict one in the sense that if you do not score 100 per cent, you fail. Any one exceedance, no matter how large, is considered to be noncompliance, using the language we have developed. There are some, obviously, that are serious and these are being addressed in a serious way.

In some cases, abatement programs are already under development with the companies. They still do not have them in place but are working on them. A number of them are in that category. With others, where we have seen serious exceedances, we have directly warned them that we are concerned about their meeting the obligations next year and have asked them to account for how they will going about doing this.

Obviously we have increased the enforcement aspect. In some cases, we have laid charges. This has had a beneficial effect because in some cases it has forced the company to comply in subsequent years. In other cases, there are examples where they are simply physically unable to comply with the discharge requirement and have shut down a particular line within the plant that may be causing the problem.

There are a variety of ways that we attempt to correct these problems with the discharges to the systems. Enforcement alone is not necessarily the only way to do it, because obviously we have to develop the kind of technology that can cope with the discharges from the particular type of manufacturing

that is going on in each of these plants. It almost takes an individual approach to each plant in order to be able to solve the problems.

Mrs. Marland: Is it not up to the companies to develop their own technology to treat their own waste? When we look at the record of the Ford Motor Co.--and because I attended the presentation of this report at the Oakville office last year, I know this is not the first year--we are talking about three different locations. If the Ford Motor Co. can afford to manufacture cars at a profit, I suggest that it can afford to treat its waste so that there is not a cost to the environment nor a cost to the municipal operation of the sewage treatment plants. Why is it that a company like that is allowed to continue with such a poor record?

Mr. Giles: Actually, I think we have that one pretty well in hand in that the sewer connection will be completed by June 1988. That will eliminate that problem.

Mrs. Marland: At all three locations?

Mr. Giles: At the ones that I understand, yes.

Mrs. Marland: There is Oakville, Windsor and St. Thomas.

Mr. Giles: OK. I thought we were referring to Oakville. It is a sewer connection in Oakville which will be completed at that time. In St. Thomas, we met with the company and its consultant earlier this month, and it is out of compliance for phosphorus and zinc. They are in the process of developing a program that will modify the treatment system to improve the phosphorus removal to acceptable levels. These are now being observed. They are also reviewing the best available technology to achieve the zinc levels prescribed by the ministry. Again, it is a matter of having identified the problem, the company then has hired a consultant to see what modifications can be made within the plant to correct the problem.

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Mrs. Marland: But now the Ford company has a consultant and has a record of a number of years of being out of compliance, are you willing to give it a short period of time to meet the requirements? I recognize they are only guidelines and I recognize that that has been the handicap to the enforcement, because they are not regulations that stand up in court.

Mr. Posen: I would just note, as I noted in my opening statement, that one of the challenges to us has been to educate the private sector in Ontario to the increased level of expectations that members of the Legislature, and indeed the public of the province, have with regard to its performance in environmental matters.

What is frustrating in one sense is the overall slowness of it, but what is heartening is that as companies, particularly major companies, find themselves named in these reports, they are scrambling to find consultants to begin to deal with these problems because they are beginning to feel the pressures.

It will be interesting to look at the 1987 report, and particularly the 1988 report, which not be out till 1989, because it is that report in which we should start seeing progress. Some of these companies should start dropping off the list, on the assumption they have been able to find the solutions to

the process-related problems they have that result in these contaminants being in their effluents.

Mr. Ballinger: I just want to direct you to page 66 of the auditor's report. There is one specific paragraph here:

"No inspections were performed for four years (1979-83) at a site which had been identified as a source of contaminated discharge (leachate). The leachate contained PCBs, DDT and other substances known to be harmful to animals and humans. During this period no steps were taken to contain the leachate until a complainant brought it to the ministry's attention."

I bring this specific paragraph up for two reasons: one, from 1979 to 1983, obviously we were not the government and two, with all due respect to the auditor, I always find it interesting to sit in here when there is such a blatant example of a problem as far as inspection goes. It is the follow-up I am interested in, to see in fact what the ministry has done. I have a series of questions. First of all, what site was it? I am interested in the site. What actions, if any, have been taken related to that specific site? And what is the current status of that particular site?

Mr. Posen: The site, as I understand it, that the auditor was referring to is the Bayview landfill site in Burlington, which is an inactive, closed landfill. The ministry's surface water monitoring from 1978 into 1980, and beginning again in 1983 to 1985, identified offsite leachate discharges to Indian Creek.

In 1986, in response to ministry requests, the city of Burlington agreed to take the following corrective actions: install a surface leachate flow collection system; study ground-water leachate flows to determine appropriate action; monitor the site and report to the ministry on results; and undertake regular site inspections.

Our district office reports to us that the city has complied with all conditions of the agreement it had reached with the ministry at that time.

Mr. Chairman: Mr. Ballinger, with your permission, Mr. Jackson has a supplementary.

Mr. Ballinger: Sure.

Mr. Jackson: Would it not be fair if you also indicated to the committee that one of the complicating factors is the fact that this site is being considered by the government for a major landfill site and that the problems of leachate are mired in controversy, given that there is a political test of will as to whether or not the landfill site selection process and the consultants' report were getting differing views. We have the Bayview site, which is an old site, and you now have a review of a major controversial landfill site that has been ongoing for over 10 years in this province and still has not been resolved.

Would it not be fair to indicate that although the comment stands on its own with respect to what the auditor has stated, he could have written reams of paper about the \$15 million we have spent and still not come up with a site in this highly controversial area, being only a mile and a quarter away from Hamilton harbour, to put it into a geographical perspective, on fractured shale land?

Mr. Posen: The only thing I would notice is that in the environmental assessment hearings for landfill or waste management problems in the regional municipality of Halton, the experience has become part of the concern which is being expressed in that hearing.

Mr. Ballinger: I am interested in this as a follow-up, and I guess in relation to the inspection process, when you consider that four years have gone by and a specific site has not been inspected. Has there been any change in the inspection process? If there has, when was that initiated?

Mr. Posen: I think part of the sense, or the context, I was trying to give the committee in the opening is just to note that our response has been to deal with the number of complaints that we have been getting, which is very time-consuming, and through that, to follow up on those issues which we think are the greatest dangers to health in a particular region. In some ways, the regularity of the inspection cycle has suffered in having to deal with the complaints.

We have not stopped regular inspection of facilities, but I think the frequency in some cases has had to be reduced where we have determined that there is less risk. Those choices, in hindsight, are not always the best ones but they are made with those elements as part of our thinking at the time the decisions are made.

Mr. Chairman: Thank you, Mr. Ballinger. For members who may be wondering where they stand on the list. My list is as follows: Mr. Dietsch, Miss Nicholas, Mr. Adams, Mr. Smith and Miss Martel. Is there anyone else who wishes to be put on the list at this time? Fine. Will you carry on then, Mr. Dietsch.

Mr. Dietsch: I would like to just carry on for a second in the vein that Mr. Ballinger was following with respect to inspections of leachate on particular sites. Is there a regular program that is established for landfill sites with regard to leachate inspection so that those kinds of things are followed up on a regular basis?

Mr. Posen: The ministry has spent considerable time over the last few years cataloguing the closed and open landfill sites in the province and determining which of those are potentially of difficulty to the environment. I am going to ask Dr. Balsillie, who is responsible for our waste management branch, to speak to that further.

Dr. Balsillie: As the deputy noted, we have been continuing our review of our waste site inventory, both for active and closed sites. We first published the inventory in July 1986. We are presently updating that, and there will be a new report released in, we hope, April 1988. We are going to be there faster than I had anticipated.

In April 1988, we will have an updated inventory. We have carried out field investigations at approximately 300 of the highest-priority closed waste disposal sites. When I say 300, it sounds like a lot of sites. We have done a lot of work to get out there and find the locations of these sites, what the waste types were, what the closure dates were, and verify them and report upon them.

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Where we think we have ground water contamination, then we hire consultants to go and look at that, and on the highest-priority sites we have

in the past year looked at a half dozen which did extensive ground water work in the locations of those sites and we will continue to do approximately half a dozen a year. Because of the size and the extent of these studies, they are fairly expensive.

On the six we did last year, no major ground water contamination was found. However, it was recommended that we continue to monitor the ground water in the location of these sites, so that if there is a migration of the plume offsite, then we start to put in a water treatment system for that leachate to make sure it does not expand.

Mr. Dietsch: How does one go about getting these sites on this priority list? Are they put on by the municipalities? How does that come about? I am thinking in particular of a landfill site in my riding, the Glenridge landfill site.

Dr. Balsillie: Normally, the ministry has sought out through any means possible to determine whether there was a landfill in the past in a given location. We have searched municipal records, we have talked to local residents who may remember that just down the road there used to be a landfill in that area, we have looked at provincial records, etc. If there is information that you require in your own riding, then I would suggest you contact the ministry and we can determine whether your particular landfill is on the list and provide you with the information on it.

Mr. Dietsch: Is there a set program to follow up with these types of sites then? Once they are put on the list, is there a set program? Who has the responsibility for that?

Dr. Balsillie: What is done is that the landfills are categorized into various classifications, depending on location and with regard to who their neighbours might be and how close they are, to determine whether there is an environmental or a health problem. If there is a health problem, we put it on the higher priority, as opposed to an environmental problem.

Then those levels of problems are subsequently categorized. We try to follow up first on those which are high priority on the health and high priority on the environment list in terms of visiting those sites, determining that they are in fact in those locations and determining whether or not there is a real problem with them.

Mr. Dietsch: I would like to just shift my questioning over to another area that you touched on in respect to the MISA program and development of a database with regard to discharging. There was, I believe, a statement made with respect to all the pipes leading into waterways being tested for discharge. Does the same type of program hold true for natural watercourses and creek beds? Are they monitored as well?

Dr. Balsillie: What we are doing is that we have categorized all of the industries, so far, into nine industrial sectors, starting with petroleum refining and then moving to organic chemicals, pulp and paper, etc. We are looking at emissions which would come from all the pipes related to those major sources of water pollution across the province.

Beyond that, we will be looking further at the next sets of industries, such as food processing, which would be another one. Ultimately, it is our aim that we would be knowledgeable of all emissions into natural watercourses across the province.

Mr. Dietsch: Maybe I should explain just a little bit more, so that it gives a little bit more flavour of what I am talking about.

In southwestern Ontario, as you are aware, there is a large segment of the agricultural industry that does a number of spray programs, whether they be for cash crops, tree fruit, tender fruit, grapes or whatever. I am concerned about the type of monitoring that comes as a result of perhaps overspray into a natural watercourse that runs down and eventually finds its way into the Niagara River or other bodies of water.

Mr. Giles: There are extensive monitoring programs in the water bodies themselves--I think that is what you are referring to, is it not?--carried out under the requirements of the Great Lakes water quality agreement, wherein there is a section within the water resources branch, together with the field staff, that conducts regular monitoring programs of the quality of the water in the Great Lakes system and the watersheds. So yes, we do have a monitoring program that will pick up the materials that come in from both point sources and nonpoint sources. The latter is what you are referring to as the result of agricultural activity. You have the runoff from the land, and it is picked up in that kind of monitoring.

Mr. Dietsch: There is one last point that I would like to make in relation to that aspect; that is, quite frankly, my humble opinion and that of those in the agricultural industry is that more extensive monitoring of pest livelihood and insect livelihood done in conjunction with other ministries--for example, the Ministry of Agriculture and Food in relation to pesticides and insecticides that are handled for particular insects or pests controls--could reduce considerably the requirement of spray in those areas. I would just like to have your comment on that.

Mr. Giles: The program announced recently by the Minister of Agriculture and Food (Mr. Riddell) that will reduce the amount of dependence on chemical spraying for insect control is clearly an example of the type of thing you are referring to. Our ministry has been working with Agriculture through our hazardous contaminants branch to develop the kinds of alternatives that there might be to chemical spraying. Also, there is of course farm practice, wherein a minimal amount of chemical is used to achieve the result where chemicals are still required.

Miss Nicholas: My question is with regard to the inadequate follow-up of complaints that are received by the ministry. The auditor took a sample of apparently 120 complaints out of 12,000 that were received by the ministry in the 1986 fiscal year, and I gather these complaints are from the public regarding pollution problems across Ontario. Of these, he said that in 15 instances no evidence existed that the complaint was addressed at all and in 16 of those the complaint was inadequately followed up. Recognizing that this is a one per cent sample of the amount of complaints being received and that it may not be a statistically viable sample, given these limitations, what has the ministry done to improve the complaint system?

Mr. Posen: Our sense of 1987-88, looking at both complaints which we receive in our regional offices and complaints which we receive at the spills action centre, is that we will probably be looking at around 19,000 complaints received from the public that we will have to deal with during this fiscal year. I think what we have discovered is that our manual system of recording complaints and following up on them has just not been able to keep up with the numbers, in effect. Staff have said they are going to have to answer the phone calls rather than fill out the forms. I have no doubt that in those

circumstances, there are likely situations where we either did not respond or, in the view of the complainant, responded inadequately.

In response, the ministry is, I guess, six months away from putting into place a computerized single-occurrence report form that will allow us to track a complaint from the time it is received until a supervisor has signed off on it that all action available to the ministry--be it initial investigation, abatement action, enforcement or prosecution--has come to an end.

Moreover, it is our sense that this is going to allow better integration between the abatement staff and the enforcement staff in the regions, and it will give us, as managers, a much more instantaneous response to the kind of questions that the auditor's staff were interested in looking at when they did the audit. I think in the end it comes down to our needing a system which is capable of responding to the number and kinds of complaints that we have been receiving.

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Mr. Adams: Mr. Posen, you may or may not know, I am a new government member.

Mr. Ballinger: Where is your red tie?

Mr. Adams: Right. I want to say that I was delighted that the auditor's report this year was sufficiently imaginative that it brought your ministry into the spotlight and some of the problems which you face into the spotlight. It is interesting that we get the environment into the standing committee on public accounts, which is a very mundane but very important committee. By the way, it is not my regular committee, Mr. Chairman.

Mr. Chairman: The chairman has a right to a point of order, even from the chair. This has never been a mundane committee.

Mr. Ballinger: He just wanted to see if you were awake.

Mr. Adams: It is not my regular committee, Mr. Posen, and I am here deliberately for three weeks.

Mr. Chairman: If you insult the committee it may not be regular for very long.

Mr. Adams: Out of interest for this particular topic, Mr. Posen, I really am interested, and I want you to know that from the government side, at least here, you have as much political support as you want for the enforcement of these regulations which you are discussing. We have been delighted that at last these regulations have been enforced to some extent in recent years. We are really pleased about that. I for one will give you every possible support for further enforcement. I hope you bear that in mind. By the way, I am not alone, by any means, on the government side in that respect. If you need more support, you have got it.

Going back to the MISA program, I think there is enormous public interest, and your complaints suggest it, in clean air and clean water at the present time. There is no doubt about it. That translates into political will. You have mentioned that the problem is handled through looking at inputs to the sewage system and controlling those, and it is handled through processing those inputs. You can improve the processing of it, and you have mentioned some of the problems because of the municipal jurisdiction.

As we are dealing here with the sewers themselves, the sewage system, the storm sewers, and given the fact that our communities are essentially built around systems, some of which are very old, I wonder to what extent is the problem in fact embedded in the design of existing sewers, as distinct from the inputs and the way the inputs are treated.

Mr. Posen: I am no expert in the engineering of the water and sewage treatment systems, but I would simply note that certainly some of our problems related to the beaches do relate to the kinds of sanitary and storm sewers that we have, and the runoff during storm periods. I am going to ask Erv McIntyre, who is the executive director of our project engineering and approvals area, to speak in more detail.

Mr. McIntyre: Certainly part of the problem, in the older communities anyway, is related to the kinds of sewer systems they have, the combined sewer systems that take both sanitary sewage and storm water runoff. Some innovative solutions are coming out--things like holding tanks, things that take the first flush and put it through the treatment works and the rest of it is relatively clean so you can put it back into the lake. Those kinds of solutions are coming.

We are, of course, helping the municipalities. We will pay not less than 50 per cent of the cost of doing the studies to help them determine the best solutions or the most cost-effective solutions. For repair work, we will pay them 33 1/3 per cent of the capital cost of those things.

Mr. Adams: I mention this because it seems to me particularly intractable. We think of the communities as being built around the roads, but in fact they are built around the sewers. In Peterborough, where I live, and I suspect it is typical, we have a river and a lake, and the community began there. Not only has the community grown, but it has grown uphill. It seems to me that puts enormous pressure on the older sewers, the downtown sewers. They are the ones that feed directly into the water systems.

Mr. McIntyre: Yes. As your sewage system gets older, you really have an array of problems. You have the problem related to the kind of construction that the sewer was built under when it was built. In Peterborough's case, it may have been built 40 to 50 years ago, with the construction techniques and the materials we used in that day and age, with the kinds of things that were permitted in municipalities. For instance, some municipalities permitted peripheral drains to be allowed into the sanitary sewer system. That obviously increases the instantaneous flow whenever you get a rainfall. Some of them had permitted storm roof leaders to go into the sanitary sewer system, another problem that should be taken out, because all it does is cause a discharge of a combined sewer under those circumstances.

Then you have the old sewers where the joints are not particularly tight. They leak outwards when the ground water level is lower than they are; they leak inwards when the ground water level is higher than they are. All of them create those kinds of problems. The program we announced last summer is intended to deal with those by helping them focus where they should put their money. Then we will give them a third of the money to help them correct it. There are a number of techniques that can be used within the sewer systems to make them better. You can reline them, you can grout the holes, you can go back into the system and take out the storm leads that should not be in the sanitary system. There are quite a number of things.

Mr. Adams: So it is not always necessary to take the whole thing up and start again?

Mr. McIntyre: It is very expensive in the downtown area of the city to take the whole thing up and start again.

Mr. Adams: But there are ways around it?

Mr. McIntyre: Very much so, yes.

Mr. Adams: Mr. Chairman, could I have the supplementary that I ducked before? It does not relate directly to this.

Mr. Chairman: I intend to adjourn at 12.

Mr. Adams: It is simply with regard to the dumps. We were discussing dumps and leachate. Can we assume that regulations for new dumps are such that we will not be facing these problems again?

Dr. Balsillie: Waste management is handled under regulation 309. New amendments to regulation 309, which are coming forward shortly, will classify municipal waste sites and set strict guidelines and limits for those waste sites. The total intention is to avoid a legacy for future generations like the one we have inherited from our past generations. So we are coming forward with new regulations to make sure that happens.

Mr. Chairman: For the benefit of the committee, when we reconvene at two, Mr. Smith is first, followed by Miss Martel, Mrs. Marland and Ms. Hart. Needless to say, if anyone is not here at two, you lose your place on the list.

The committee recessed at 12 noon.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF THE ENVIRONMENT

MONDAY, FEBRUARY 22, 1988

Afternoon Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:
Archer, Douglas F., Provincial Auditor

From the Ministry of the Environment:

Posen, Gary S., Deputy Minister
Castel, André, Executive Director, Corporate Resources Division
Balsillie, Dr. David, Assistant Deputy Minister, Environmental Services
Division
Giles, J. Walter, Associate Deputy Minister, Intergovernmental Relations and
Strategic Projects Division

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, February 22, 1988

The committee resumed at 2:05 p.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF THE ENVIRONMENT
(continued)

Mr. Chairman: I would call the committee to order. Mr. Smith.

Mr. D. W. Smith: I wanted to make sure I was here too so I would get to ask my questions.

Mr. Chairman: I apologize, Mr. Smith.

Mr. D. W. Smith: I am going to move away a little bit from questions that have been asked this morning. On page 64 in the Provincial Auditor's report he mentions that you have not always complied with the regulation of tendering. There was one contract given in excess of US\$900,000. I would like to know the date of that contract, the amount of it exactly, or as close to it as possible, and also who the tender was given to and what for?

Mr. Posen: The story begins in 1981 when the ministry consulted with Management Board regarding the approach to be taken in contracting for the Eularian model development. It is a computer model for long-range transport of air pollutants. Management Board secretariat advised the ministry that, since the work was classified as technical consulting rather than research and development, Management Board approval was not required.

I would simply note that at that time Management Board approval was not required to obtain technical consulting services and there was no dollar limit. However, all other normal purchasing practices were expected to be followed. Unfortunately, the officials at that time, who were involved in the ministry, interpreted the approval or the advice they got as approval to proceed without formally tendering the contract.

They had been in touch with two contractors to do studies related to the development of the model. These two suppliers were evaluated. They were Environmental Research and Technology, which had previously conducted a study to assess the feasibility of developing the model, and Concord, which had co-ordinated a year-long review to determine if senior scientists in the field agreed with the method to be taken in developing the model.

The performance of these companies and the ministry's knowledge of their capabilities were the basis for the informal evaluation. After informally considering several potential suppliers, the branch awarded the contract to Environmental Research and Technology on November 12, 1982, for a total value of US\$765,766.

We note that this informal consideration did not constitute a full competitive purchasing effort. In addition, the branch drafted a contract to cover a period of four years and did not note that the Manual of Administration then current permitted a maximum contract length of only three

years. Moreover, four amendments to the original contract were issued, with a final total of US\$940,263, and the contract was completed as of March 31, 1987.

We would note that none of our branches conducts independent purchasing of consulting services. At this point, as Mr. Castel noted this morning, all purchasing needs are provided by the ministry's purchasing section in our administrative services branch and all contracts over \$100,000 need the personal approval of the director of that branch.

It is our sense that the likelihood of this kind of situation arising again has been considerably reduced by the steps that we have taken over the last couple of years.

Mr. Chairman: Mr. Smith, Mr. Pouliot has requested a supplementary with your permission.

Mr. D. W. Smith: OK.

Mr. Pouliot: Do you feel, Mr. Posen, that all directives regarding tendering have been followed in the point that Mr. Smith brought forth?

Mr. Posen: I think that in any ministry none of us are perfect, so we are not going to have 100 per cent all the time. I think that my predecessor and myself have certainly both emphasized to all of our staff at the senior management and middle management levels the importance to us of living up to the Management Board guidelines and directives. Certainly, as we have talked about performance appraisal in the ministry, we have made it clear that in judging the performance of our middle and senior managers, their living up to these guidelines and directives will be an element of their performance appraisal.

Mr. Pouliot: With respect, Mr. Posen, I find this appalling, to say the least. When we are talking about US\$900,000 of taxpayers' money surely we cannot be satisfied with "none of us are perfect." We are talking about style, method and approach, the methodology of addressing the tendering process, which leads to my final question on this subject matter. Do you have anyone in the ministry whom you would consider an expert--I am trying to find the English equivalent of the right terminology--sort of a tendering expert who could answer those questions in more depth?

Mr. Posen: Yes. Certainly having set up the purchasing section in the administrative services branch, that is one of the expectations that we have of them. The supervisor of that unit and the director of the branch are the people who we rely on to guide us through those processes. Where we end up with situations which are unique to our experience, we rely on the staff of the Management Board for advice.

I think my answer to you was that my aim is to get 100 per cent adherence to the directives and guidelines. I just recognize that I am working with human beings and that from time to time there will be a slip. But the aim is to get as close to 100 per cent as we possibly can.

Mr. Chairman: I remind members of the committee that we did agree that we will deal with the environment issues until they are finished, until we have no further questions, and then move on to the tendering questions. I already had an indication from Mr. Carrothers that he was interested in asking questions on the tendering question. I told him that he was first on the list. If we could stick to the environmental issues, we can get that out of the way and then move on to the tendering issues that are in the auditor's report.

Mr. D. W. Smith: I was just going to finish up on the question that I had started here.

You made the comment that there would be nothing over \$100,000 that would not be tendered. Would you have any idea how many projects, jobs or whatever under \$100,000 may not be tendered or may be by invitation only?

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Mr. Posen: Certainly the approach requires tendering of all contracts. The \$100,000 guideline is simply where we required approvals to come through the supervisor or director of our administrative services branch. André, do you want to comment any further on that?

Mr. Castel: Yes. We would follow only the tendering regulations that are prescribed by Management Board. The only difference is that for contracts that are less than \$100,000, they would be reviewed by the supervisor of our purchasing section. When a contract is \$100,000 or more, it requires the review and approval of the director of the administrative services branch, so we have taken a precautionary measure to make sure that things are in order and that they meet the guidelines.

Mr. Posen: And we note that contracts over \$250,000 require the approval of Management Board.

Mr. Chairman: You can carry on on the environmental issues, Miss Martel.

Miss Martel: I want to go back to the question of enforcement and water pollution. I listened with interest to the comments that Mrs. Marland brought up and the responses as well, and it seemed to me that the response was that until the municipal-industrial strategy for abatement is implemented, we can expect few, if any, or perhaps no prosecutions of offending companies in this regard.

I want to go back to the discharge reports. We were given the 1985 report by the auditor. I have the 1986 figures, which show that of 154 polluters, 67 were out of compliance with annual requirements. If we looked at that on a monthly requirements basis, we had 101 out of 154 polluters who were out of compliance with effluent limits.

I would like to ask ministry officials, how many of these companies have been prosecuted to date, if any?

Mr. Posen: I am not sure that we have the figures so that we can relate that immediately, but we could certainly come back to you with that material, if that would be acceptable to the chairman.

Miss Martel: OK. Just as a supplementary concerning MISA as an extension of this whole problem of trying to monitor or provide enforcement of water pollution, I am a little concerned that the whole MISA policy is developing much as we saw in Sunday shopping, that we are passing it off to the municipalities to deal with. I am not particularly happy with that.

In going back to that, I would like to ask how the ministry might think that small municipalities in particular are going to be able to cover the expenses which might be related to MISA and how they are going to be able to ensure that kind of money to provide for inspection and enforcement.

Mr. Posen: I think we should note that this morning when we talked about this issue, it was put forward as an example of one kind of approach which could be considered. There has been no policy decision as to how best to inspect the municipal sewage problem. As noted, one of the options is up to the municipality.

Dr. Balsillie this morning was talking about a report which would raise a number of options on which the ministry would comment. There would be a public report and public discussion of those options.

Looking to the municipalities, I can talk to that option, but certainly it is not one that has been selected by the ministry or by the government, so the discussion at this point is somewhat hypothetical.

Mr. Chairman: Are there further questions?

Miss Martel: No.

Mrs. Marland: Mr. Posen, I would like to ask you some questions about the ministry's funding of energy-from-waste projects, and in particular the proposed Petro-Sun project in southeast Brampton. How much money has the Ministry of the Environment provided for the two, either the region of Peel or Petro-Sun, to fund their project?

Mr. Posen: Subject to correction by my staff, I believe the support for the Petro-Sun project itself, as an energy-from-waste matter, is provided through the Ministry of Energy. The Ministry of the Environment's support will be as part of the waste management master planning process, so there would be funding to Peel as part of that process.

Mrs. Marland: Are you saying the Ministry of the Environment has not funded anything towards the Petro-Sun project at this point then?

Mr. Posen: Not for the project itself.

Mr. Chairman: I do not want to be difficult, but I remind members we are dealing with the auditor's report and questions should arise out of the auditor's report. Other questions, such as the last one, are perhaps better dealt with during estimates.

Mrs. Marland: With respect, I am dealing with it out of the auditor's report, where the discussion is to acid rain contributors. We certainly have evidence that energy-from-waste incinerators do contribute to acid rain. That was the basis of my question.

Mr. Chairman: With imagination, I can justify talking about the rest of the world. I would like to restrict us to the auditor's report, if you do not mind, Mrs. Marland.

Mrs. Marland: You are limiting the acid rain contributors to those listed in his report?

Mr. Chairman: I am limiting the issues to those raised in the auditor's report, yes.

Mrs. Marland: Right. Perhaps then the deputy minister could tell us if the issue of acid rain is limited only to those companies listed here, or indeed does the incineration of garbage perhaps contribute to acid rain?

Mr. Posen: The Countdown Acid Rain program, which is the focal point for the government's acid rain control program, is focused on the four major sources of acid gas in the province. There is that focus. Beyond that, clearly our interest is in ensuring, through the clear air program, that whatever air emissions there are are controlled by the best available technology economically achievable or by whatever technology is appropriate for the particular contaminant that is involved. Indeed, there are public consultations going on across the province now with regard to developing the clean-air-program standards.

Mrs. Marland: So you would agree, in discussing the clear air policy, that refuse incinerators would be within that purview?

Mr. Posen: Certainly, we would have to ensure that refuse incinerators have the control technology on them which fits with the kind of combustion, incineration, refuse, energy or waste--whatever is being burned in them--that happens to be there in the circumstances.

Mrs. Marland: Mr. Chairman, with respect, I think I have proved that my question is in order, because if the incinerators do not operate properly they will contribute to acid rain, as do any of these generators.

Mr. Chairman: I am sure, Mrs. Marland, that using the same logic, I could prove that a discussion of Zen Buddhism is perfectly in keeping with the Ministry of the Environment. It does not change the fact that it is not in the auditor's report. Are there any further questions coming out of the report, Mrs. Marland?

Mrs. Marland: Yes. I will deal with the very real statement on page 63. The auditor is saying, "Data submitted by the four largest contributors of acid rain in Ontario was not being verified for compliance to specific limits as required by the regulation."

I realize you did make some references in response to this statement this morning. I wonder if you would like to enlarge on the statement of how the ministry is responding to that finding by the auditor. In particular, I would like to know what increase in equipment the ministry has achieved for ambient air readings, such as additional trace atmospheric gas analysers, if any, or if there is a newer piece of equipment than the TAGA 3000, with which I am familiar.

Mr. Posen: OK. Let me begin the response and then I will ask Dr. Balsillie to provide more detail. As Dr. Balsillie noted this morning, developing the mass balance system is dependent on our knowledge, awareness and experience of the ores, the fuel, the coal being used in the processes and understanding the plants, which give us, knowing the rate of production, a fairly good sense of what acid gases should be coming up out of the stack. Our air quality monitoring system then allows us to do the monitoring, which allows us to know whether our expectations are being met in terms of what is happening in the air itself. It is on that basis that we have a relatively good ability to monitor what is going on in those plants.

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The companies at this stage of the Countdown Acid Rain program are engaged in the research program, which will allow them to identify the process and technology changes that they will have to undertake to meet the acid rain

reductions, the sulphur dioxide reductions for 1994, so there are no great surprises occurring at this point in time.

When they begin to introduce the technology and process changes, at that point we will need new verification procedures, because as we understand it, the circumstances will be sufficiently different that we cannot rely on our current methodology.

What we have done in response to the auditor is, as noted, to test the ore and the coal to ensure that they meet what our expectations have been. Those tests have shown that the company numbers are indeed correct and that our expectations were correct. We will go on testing those things. We have asked a consultant to provide us with his best advice as to what kind of totally independent systems might be developed now, leading to the 1994 period when we know we are going to require those independent verification processes in any event. All of those steps have been taken.

In addition, the ministry is in the process of developing a new air quality network. I will ask Dr. Balsillie to talk about that and about any other equipment that we have acquired.

Dr. Balsillie: As I pointed out this morning, we have a wide air quality monitoring network across the province, and there are areas where we have additional monitoring equipment, in urban areas and industrial centres.

The deputy referred to our air quality index which we are developing. The first step to that is the new implementation of a telemetry system which will provide us in our own offices here in Toronto and all of the regional offices with real time air quality data for pollutants which we are monitoring on a continuous basis, such as sulphur dioxide, nitrogen oxide, carbon monoxide, ozone-suspended particulates. I think those are the ones we are doing. Then you combine the sulphur dioxide and the particulates to get your air pollution index combination.

In terms of improving our monitoring capability across the province, we will now have real time data in our Toronto offices and our regional offices so that we can respond to incidences which are occurring in the field.

With regard to the TAGA, which Mrs. Marland mentioned, the TAGA is a trace atmospheric gas analyser which is mounted in a mobile van. It monitors, using mass spectroscopy scientific methodology, and it measures, for the most part, materials which are in the range of parts per billion or parts per trillion. We use it, for the most part, to monitor organics and toxics or some of the exotic chemicals. It can be utilized for measuring sulphur dioxide, but with the expansive sulphur dioxide monitoring network that we do have--plus we have regional vans with sulphur dioxide monitors in them--we do not use the TAGA for that purpose.

We have during the past year purchased a TAGA 6000, which is the next generation of this particular methodology. If you can picture the fact, a TAGA 3000 has one quadrupole in it with regard to being a mass spectrometer; that is what separates the compounds. A TAGA 6,000 has what we call a triple quadrupole in series, so it has a better capability of separating out the various compounds and it comes with a computer library of mass spectra so you can do identification of compounds, etc.

We are working on the commissioning of that vehicle. It is going to take us some time to come up to speed, in terms of trying to become familiar with it, to calibrate it and to get our staff out in the field with it. We are very hopeful it is going to be a great addition to our monitoring capability.

Something else I think we are all very pleased with is that it has been developed here in Ontario. It is Ontario technology and we were proud to be part of the development and we are now very pleased to be able to utilize that technology.

Mrs. Marland: Since you are limiting me to the report, I will certainly show some compliance, Mr. Chairman. There is a certain frustration, of course, that some of the questions which come from some of the answers, I suppose, you would classify as being able to be dealt with in estimates. Unfortunately, we do not have that opportunity, either.

I want then to go to the discharge to the waterways question again, which I left this morning in order not to monopolize the questions at that point of the committee. This morning, in dealing with the Ford Motor Co. at the three locations, you did answer the question about what the next step was in dealing with them and what had been done so far.

I have to focus on the question a little more finely and ask you how long we will allow a company of that size, with that amount of money--it is not as though we are looking at putting a compliance order or control order on a company which is going to go out of business because we want them to stop polluting our waterways. I can understand where we are talking about the balance between the environment and jobs, which is always a delicate balance. Mr. Posen, I respect very much your answer this morning, because I think it was at that point you said that perhaps you, in answering my question, might be stepping into the arena of the minister rather than the deputy minister, and I respect that.

Perhaps you could answer, first, how long those three Ford plants have been discharging their industrial waste into the waterways to a degree where they were not in compliance with control orders at any point. Is it five years, 10 years or--

Mr. Posen: I am sorry, but I do not have the answer at my fingertips as to how long it has been. I think we can look back over those reports, noting that the parameters being measured have changed over time; so I am not sure we have comparative data going back very far.

However, by the same token, I think I should note that our first attempt is to work co-operatively with the company to find a common and effective solution. If companies indicate to us that they are trying--occasionally, what happens is that, on a voluntary basis, companies make an effort to comply. They put equipment in and it does not prove to be adequate for the job, so we are back with them.

I think we become much more concerned when we are not getting that kind of co-operation and we begin to get the sense that we are going around in circles trying to come up with the answers. It is on those occasions where either we will look at control orders or, beyond that, ask our investigations and enforcement people to go in and see if the law has been breached.

Mrs. Marland: Does the Ford company at those locations have a licence or permit to discharge into the waterway?

Mr. Giles: Yes, under the certificate of approval, they would have certain limitations on the amounts they can discharge. This is really what we measure in exceedance in that way.

Of the three you are citing, I covered off two of them this morning. The third one is the Windsor casting plant, where the company now has the approval to upgrade its control of suspended solids by reducing flows, essentially. They have an improved alum feed system and a filtration designed to meet our guideline of 15 milligrams per litre in the final effluent. This is a system that will be installed during the July 1988 shutdown, so they should be in compliance once that is in place at that location.

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Mrs. Marland: In fact, the answer that we had this morning, when we were asking the questions about the discharge to the waterway, that we do not have regulations, we have guidelines, applies to those companies that are operating outside a certificate of approval.

Mr. Giles: A certificate may not cover all of the things that we now measure in the water. We are gradually upgrading our certificates of approval to the point where they will begin to recognize some of those parameters that we have not in the past. What has happened is that the discharge report itself, as Dr. Balsillie mentioned this morning, has been expanded to include additional parameters from those that used to be, the ones required only by the International Joint Commission for our Great Lakes water quality annual report. We now have the possibility that there would be some that would be measured where we would have no requirement in the certificate.

Mrs. Marland: If they are not in compliance with their certificate, it is quite easy to lift the approval, is it not?

Mr. Giles: We would be more inclined to prosecute under those circumstances.

Mrs. Marland: Has the Ford company ever been prosecuted?

Mr. Giles: I would be surprised if they had not, but I am sorry, I do not have the answer. I can get it for you.

Mrs. Marland: Okay.

Mr. Chairman: Do you have any further questions? You have had 20 minutes. The normal rule is that people try to stick to not more than 20 minutes. I can put you back on the list.

Mrs. Marland: I will just ask a fast one and then you can put me back on.

When dealing with a company like Ford, I have to ask the Ministry of the Environment, is your responsibility to the environment totally or do you end up being in a position where you may be discussing it with the Ministry of Labour, because we might be talking about lifting a certificate of approval or slapping on a control order and the plant having to shut down and people being out of work?

Mr. Wilson: In most cases, we would discover, if we got close to the point where we were going to cancel a certificate, most companies would be quite prepared to volunteer solutions to their environmental problems. That is why in the Ford case, for example--I think in all three situations--the company has developed solutions. In all cases, it appears that during the summer shutdown those things would be put in place. That is why I said the measure of our success will be--it goes in in 1988 and it will be in the report for that year, which will come out in 1989. Having the stick, the threat, has resulted in people volunteering more often than they might have in the past. This is a result of having the investigations and enforcement unit available to bring into the cases.

Ms. Hart: The area that I wanted to explore is more administrative and management. I understand you had an agreement to--

Mr. Chairman: Yes, I have Mr. Carrothers.

Ms. Hart: Perhaps you can put me on after that.

Mr. Chairman: I will put you on the list as well.

Mr. Adams: I would like to go back to the monitoring and checking. Perhaps it is something the auditors--I would not say missed, because it was not their point--would not consider.

As I understand it, with emissions, for example from stacks, for material going into waterways, a great deal depends, as far as the impact is concerned, on the time of year. You mentioned this morning, for example, that in the spring a great deal goes in and there is some sort of acid shock. I could well imagine also at very low water, if a fairly small amount of something or other went into a system, it would produce very high concentrations. In the monitoring and the checking that you do, do you take that into account?

Dr. Balsillie: We take into account not only the rate of deposition but also the total loading. The target which is set for wet sulphate is 20 kilograms of wet sulphate per hectare per year and we are very cognizant of the fact that total loading, no matter how it appears, early in the spring or in the summer or staggered across the entire year, can be important both from the timing aspect and from the total loading aspect. We do look at all these different factors as we move through the year.

If you go to the same streams, for instance, where in the spring you have a massive flush of materials from the snow melt, if you go back in the summertime, they are barely a trickle. We are monitoring that and we are looking at the total loading to those lakes in the different seasons and the different months of the year.

Mr. Adams: Just as another tack altogether, we were discussing this morning the old dumps and the changes of recent years from many, many decades of emission. In a sense, we are in the position of cleaning up after decades of neglect, both in terms of dumps, material that has been buried in the ground, and material that is being emitted from these various stacks and dumped into the sewers and so on.

In the short time that you have been working on these things, two or three years, with the changes in regulations, is there any sense yet of recovery from those decades of misuse?

Mr. Posen: I am not either the scientist or the engineer to make that evaluation. I think we have certainly a much better sense of the problem. It has also become clear over the last few years as, again, our ability technically to measure the nature of those problems has improved. We probably did not have the capability of that kind of measurement 10 or 15 years ago. Our measurements today are much more sophisticated and we are able to identify a number of these problems, but in terms of improvement--

Dr. Balsillie: We could probably talk for days on this particular subject. However, maybe I could just go for a few incidents. For instance, for sulphur dioxide in particulates in urban airsheds, particularly in Toronto, the reduction from the mid-1960s through to today has been just remarkable, something like an 80 or 90 per cent reduction in terms of SO₂ in particulates in the air in Toronto.

If you recall the Grey Cup game which was postponed on a Saturday afternoon and had to be shifted to the last few minutes on the Sunday afternoon, it is from measurements which were taken at that time that we now predict the air pollution index would have been 155 on that particular day, but nobody was leaving the stands down at the stadium. It is rare that the air pollution index nowadays goes over 32, if ever, in the city of Toronto.

Interjection: Dedicated fans.

Dr. Balsillie: Dedicated fans.

With regard to the Sudbury area, where we have made considerable progress already, although there is still lots of progress to be made, the emissions in the Sudbury area are down considerably and we are starting to see some recovery in the Sudbury area lakes. They are now starting to have fish life, etc. in those lakes.

I think there are instances where we can show improvements. If we want to go through a whole list of them, we can see there are still some where we have to get on to those jobs and clean them up. I look at the coal tar sites that we found over the past year. We are moving quickly to try to clean those up, and as we clean them up, then they are off the books. I think there has been considerable progress made in a number of areas.

Mr. Chairman: Mrs. Marland, do you wish questioning on this--

Mrs. Marland: On the environment.

Mr. Chairman: --on the environment?

Mrs. Marland: Thank you, I do.

Mr. Chairman: Since we probably do have staff problems of having some of your advisers here on the tendering problem, can I get some idea of whether or not we have more speakers on the environment aspects or whether we can aim for three o'clock to start items on the tendering and the tighter control over vehicles? If we are not going to get to it this afternoon, it is silly for the Ministry of the Environment staff to be hanging around for the rest of the afternoon.

Is there anyone else who is going to question on the environmental issues? Mrs. Marland, do you think 20 minutes will be sufficient for you to wrap up this one item?

Mrs. Marland: I would think so.

Mr. Chairman: OK. For the purpose of your staff then, we will aim at three o'clock to start those two items.

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Mrs. Marland: Is the ministry going to make Ontario Hydro emplace some kind of scrubbing device on all of its coal-fired thermal units by 1994, even though it is not confirmed yet by Ontario Hydro that it may in fact fire those units up? The fact is that it takes four to five years to get them approved, built, constructed and operating. What is the position of the Ministry of the Environment?

Mr. Posen: We have asked each of the companies involved in the Countdown Acid Rain program to share with us how they are going achieve their emission reductions by 1994. As we will hear from all of them by the end of 1988, I expect it is at that point that Hydro will be sharing with us what its plans are.

Mrs. Marland: It is interesting--excuse me for jumping in there--that you mention that, because I sat on the select committee on the environment and one of the recommendations we passed, as I recall, was that we were to have a report back by December 1987 as to how Hydro was going to achieve that. That was leading to my next question. Now you are saying in 1988.

Mr. Posen: Our control order, David, on all of them--

Dr. Balsillie: The regulation requires six monthly updates on how all four companies or Ontario Hydro are planning to meet their 1994 deadlines, and we receive on regular occasions the updates of the four SO₂ emitters. They are not required to state what their explicit plans are until the end of December 1988. We are to be informed by these regular updates that they are making progress and that they will have in hand a suitable plan by 1988, which would be six years ahead of the 1994 deadline, so that they would not be in a position, any one of them, to indicate to us at the last moment that they could not do anything. The regulation is quite specific on that particular point.

Mrs. Marland: So the all-party committee recommendation is not being met then?

Mr. Posen: From the perspective of the staff of the Ministry of the Environment, the recommendation is to Hydro, not to the ministry. Our requirement is that they report to us before the end of 1988. That was part of the regulation. We expect at that time they will tell us how they plan to do it. If the Legislature or the committee wishes to hear from them before that--

Mrs. Marland: It was an all-party committee obviously, and that is exactly what the select committee on the environment asked for unanimously. The fact is, if we left it up to Hydro to have until the end of 1988, that is five years before they had to meet the limit or meet the compliance by 1994. That is why that was one of the recommendations of the committee, that we not give Hydro that much time.

I would have assumed that since it was a select committee on the environment that it would be up to the Ministry of the Environment to carry out the recommendations of that committee. Perhaps you have not received the direction from the minister.

Mr. Posen: My only knowledge, I guess, is that the regulation that was in place required them to report by the end of 1988, and that is our expectation. We at this point have no cause to be suspicious that we will not receive their commitment at that time. What I cannot share with you, because we do not have it, is how they intend to do it.

Mrs. Marland: Did you see the recommendation of the committee?

Mr. Posen: I must admit I have not seen it.

Mrs. Marland: In fairness to you, I will not pursue it any more with you, but that certainly was a very important recommendation of our committee.

I interrupted you at the point that you talked about them letting us know by the end of 1988. What you are saying is that by the end of 1988 Hydro will give us a report on how it will address the problem by 1994. How is the ministry going to enforce the requirement to have scrubbers on all coal-fired thermal units?

Mr. Posen: First, we have to see if Hydro intends to have its thermal units as part of its plan for 1994, and if it does, how it intends to meet the SO₂ requirements at that time. I guess one could speculate there are a number of choices they have, but I assume if they intend to use those units that they will have to provide some control mechanisms on them at that time. In addition, our regulation 308 changes will require them in any event, if those things are ever fired up, to have the best available technology on them. David, is there anything you want to add to that?

Dr. Balsillie: The only thing I would like to add is that Ontario Hydro has been carrying out some testing at the Lakeview plant with regard to limestone injection. They have been reviewing other technologies here and in the United States with regard to scrubbing technologies, and of course they are being asked on a regular basis to look at the use of low-sulphur western coal.

If they do go to low-sulphur western coal, they would have to change their boiler systems in order to accommodate that coal because it has different burning characteristics. Since they would use a low-sulphur coal they would not have a high SO₂ gas stream, so they would not require scrubbing technology if that is the route that they choose.

They have also been able to purchase, it is my understanding, some block power into the 1990s from Manitoba, at a reasonable price, from hydro-generated electricity in that province, and they are still talking to Quebec.

The other thing is that they are in the process of developing a class environmental assessment for desulphurization processes without specifying the technology. They are going through the framework of desulphurization activities so that when they choose a specific technology for a given power plant, they will be able to move directly to the specifics of that environmental assessment without going through all of the other parts of it; they will have that out of the way. So they do have that intention to come forward with a class EA on desulphurization processes.

Mrs. Marland: I am sure you can appreciate that I am asking these questions not only as the Environment critic but also because Lakeview generating plant is in my riding. I have been there since before it was built.

The question of low-sulphur coal is certainly something that again the select committee on the environment addressed when we were discussing this aspect. At the moment, there are four stacks in operation at Lakeview. Still only 10 per cent of the plant is operating, with four stacks, but we have scrubbers only on two of them; so there is a local concern there. That is why whatever the ministry is going to do obviously has to be done certainly by this year, and that is why we said by 1987 in the committee.

It seems that our ministry through you, Mr. Posen, our Ministry of the Environment for our province, has a very big challenge, with the discharge to the waterways being a major concern, as identified by the auditor's report, and also the acid rain contributors as ongoing problems.

The question that I have to ask you, since further in the report we also get into the question of response to calls and reports and complaints, as would any ministry, is this: If we are introducing the new MISA program and we are trying to resolve other problems which are being accelerated just in the pure factor of where we are today, in time, in terms of the protection of our environment, do you feel that the ministry has enough money in this year to meet its requirements and the demands that all of us are placing on the ministry and knowing that the environment is held as a number one priority with the people in the province?

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Mr. Posen: I guess the only way that I can answer that question is to ask you if you have ever met a deputy who thinks that his department has enough money.

Mrs. Marland: I know. I realize you can answer it that way, but it is a very serious question on my part. The thing is that each one of us in this room who has an opportunity to lobby for a cause in terms of the cabinet sweepstakes out of Mr. Nixon's back pocket would like it to be based on the aspect of need. We recognize that the Ministry of Health and the Ministry of Housing are two very needy ministries. But I would suggest that if we do not have a healthy environment to live in, we will have neither houses nor health.

Mr. Dietsch: Have you got your own caucus--

Mr. Posen: I provide the response and I recognize the seriousness of the question, but clearly the ministry has to accept whatever resources that the government of the day chooses to provide it. I would simply note that environment is one of the current government's priorities and on a relative basis, relative to other ministries, the ministry's resources have been increased in recognition of that priority.

Mr. Chairman: Seeing no further questioners, on the topic of environment improvement and various aspects of monitoring, we move on.

Mr. Ballinger: Before you make that move--

Mr. Chairman: Do you have a question?

Mr. Ballinger: Yes. On page 4 of the deputy minister's report--

Mr. Chairman: Is this addressed to the deputy minister?

Mr. Ballinger: I think I am going to work it around to the deputy minister, yes.

When you look at environmental issues in Ontario, unfortunately, there is never a black or a white. On page 4, there is a good case history of a small aluminum smelter, which I presume is the one that is in my riding of Durham-York. It certainly sounds like the case history of the one that I have been involved in as the member for Durham-York.

I think this one is a classic example where after years and years of, I will not say a lack of but certainly a deficiency in terms of addressing the problem--and economics of scale, I guess, always play a major role, especially from the inspection--I think this one is a classic example of, I would not say a reasonable tradeoff but certainly a reasonable resolution to the problem whereby everyone has given a bit.

You have the concern, obviously, about the inspection and the pollution, and you also have the concern in the local economy about people's jobs. If the Ministry of the Environment plays hardball and the factory is closed, then there is a substantial number of people out of work.

I guess my question is, are we finding more and more of similar types of examples in Ontario where ministry inspection is now being beefed up because there has been a bigger emphasis put on it? I guess you could almost go riding by riding in this province and find--let me rephrase that into a question. Are there many examples similar to the one in my riding whereby there has been a tremendous amount of liaison between the local municipality, the local council, the immediate neighbours, because that is who it has the gravest effect on, and the people who work there?

Mr. Posen: The answer to the question is indeed yes. Much of the activity flows from the kind of complaints which the public is now phoning us and writing to us with and basically saying that they have an environmental problem which they find unacceptable. It is a noise problem, an odour problem, an air emissions problem, a water quality problem of one kind or another, and they want the situation inspected.

We provide that kind of initial investigation. There are, as in this case, a number of tests which have to be done to see what can be done. I think what we have discovered is that with the tools available to us, we are getting increasing co-operation from companies, because they are uncomfortable with the alternative to co-operating with us. Where the co-operation does not take place or the problems are so blatant, we have been turning increasingly to using our enforcement staff in prosecution and bringing about compliance in that way.

Mr. Chairman: Have you further questions, Mr. Ballinger?

Mr. Ballinger: I will just add a comment. I suggest to you that if the resolution has been reasonable, I would hope that the Ministry of the Environment monitors the enforcement so that, in fact, we can keep everyone happy.

Mr. Chairman: Members of the committee, we are moving on now to page 68 of the auditor's report, dealing with the matter of adequate tendering for services acquired and tighter control required over the use of vehicles.

Mr. Posen, we thank you and your staff, who have assisted us in this matter. If there are any staff present who have been dealing with the environmental side of today's hearings and wish to leave, feel free to do so. If there is anyone whom you would like to call before the committee to assist

you in answering some of the auditor's concerns found on page 68 of his report, please call them forward.

Mr. Posen: Mr. Chairman, we have with us the division heads who are responsible for the two divisions where their problems have been cited, and our head of corporate resources, who is the chief administrative officer of the ministry.

Mr. Chairman: Would you like to call them to the microphones?

Mr. Posen: They are here.

Mr. Chairman: I am sorry. We have the same hats.

Mr. Ballinger: Obviously wearing them all.

Mr. Chairman: I thought you were calling new people. OK. Mr. Carrothers, would you start the leadoff on these two section?

Mr. Carrothers: Thank you, Mr. Chairman. I would like to pick up, I guess, where Mr. Smith left off on some of these tendering anomalies.

The auditor, on page 68 of his report, does refer to a second contract, the contract let to conduct a neutralization project. Just let me quote from his report. The auditor noted, "The price of the contract was renegotiated annually contrary to the manual of administration which requires fixed price contracts."

I just wondered, Mr. Posen, why, in the case of this contract, the ministry would not have followed its own manual of administration.

Mr. Posen: I just want to make sure that I have the right part. We are looking at the contract for the acid lake neutralization project, \$862,000. Again, this--

Mr. Carrothers: There was a mistake in the first phase of that, I think.

Mr. Posen: Yes. Again, this contract goes back to 1981. It was a five-year contract between 1981 and 1986, to Booth Aquatic Research Group, totalling \$125,000 per year, to conduct a neutralization study undertaken as a joint Ministry of Natural Resources-Ministry of the Environment project.

Part of the work was subcontracted by Booth to Environmental Applications Group. This purchasing process was in full compliance with all Management Board requirements. However, each year the contracted price of \$125,000 was adjusted to compensate for inflationary cost increases. This practice was in violation of the province's policy of allowing only fixed price contracts.

It was recognized that this should not have occurred, and since this case the ministry has taken care that all payments do not exceed the contracted price. I guess I would simply note that a number of these occurrences which the auditor has cited were, in effect, cited in our own files and highlighted for the auditors when they were going through there.

Many of them we had recognized. There were a number where we did not and the auditing approach uncovered additional weaknesses. But I think that, in

all cases, they go back to a highly decentralized system which we have attempted to improve by centralizing our controls over these contracts.

Mr. Carrothers: OK. Just to clarify what was my own misunderstanding, I think you said that the price was changing because of inflation.

Mr. Posen: Inflation.

Mr. Carrothers: But you now do fixed-price contracts?

Mr. Posen: Yes.

Mr. Carrothers: If you are doing more than a one-year contract how do you deal with inflation?

Mr. Castel: When we send out the proposal we specify that the price has to be fixed; therefore, it is up to the supplier to quote fixed prices, and the contract cannot be renegotiated for inflation every year.

Mr. Carrothers: So they quote a fixed price dealing with it coming in, rather than you renegotiating it?

Mr. Posen: That is right. The company has to put the inflationary aspect into its bid.

Mr. Carrothers: The auditor also notes that--and I guess it is going on with the same contract--in fact, the ministry let a contract to allow that same organization to evaluate its own work on a neutralization program.

I wondered if that was a true characterization of what happened, and if so, why you would have done that.

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Mr. Giles: As I understand it, Booth Aquatic Research and Environmental Applications Group were the only bidders that could demonstrate to us that they were capable of this specialized and novel work. In either case, the ministry faced the same criticism. In fact, much of the evaluation involves specialized monitoring of the lakes which can be verified by the ministry. I do not know if there is any additional material on that one, but our sense is that we were working with something sufficiently unique and novel that there was not a lot of companies to go to to speak to.

Again, I think that it is something the ministry is going to have to document in an improved way and not make the heroic assumptions that that is the case. If we are correct, I think it can be proved on paper. If not, we should not be providing the claims after the fact. I think that is part of the auditor's problem with how this was done.

In other cases, I think where we have doubts we are going to have to go to Management Board and make sure there is a political approval, and then we are into these kinds of choices.

Mr. Carrothers: You are asking a company to verify its own work, in effect.

Mr. Giles: If I could just add, I do not believe that, in a sense, it is evaluating your own work, it is evaluating the response of the ecosystem to the treatment that was prescribed by us, in effect, and carried out by Booth. In this case, they were the experts in terms of the monitoring side of it. It was simply a matter of that company demonstrating that it had the ability to carry on evaluation of neutralization in the next five years. I guess it is a moot point as to whether we are evaluating their work or evaluating the response of the ecosystem.

Mr. Carrothers: I think also, in respect to that contract, the auditors noted that the ministry adjusted a couple of bids on the contract. I am just wondering, if that was the case, why the ministry might have done that before choosing the winning bid.

Mr. Posen: In looking back at it from a historical perspective, at that time it was determined that the Booth proposal included elements not required by the ministry and these were reduced from the bid. The Environmental Applications Group proposal, however, was missing some items and these had to be added to make a fair cost comparison of the two bids.

The secretary of Management Board was fully briefed on the evaluation process, and Management Board approved the award of the contract to Booth for a period of five years.

I think, again, part of the learning experience with this and similar situations is that we will have to go to Management Board, but also I think our evaluation system and the way that we call for proposals is going to have to ensure that there are indeed comparable bids coming in, that we are not playing these games to ensure that we, after the fact, have comparable bids.

The Management Board directives and guidelines have been adjusted since that time to ensure that those principles are applied.

Mr. Carrothers: As a final point, the auditor also notes that there was an instance of a contract signed. I guess you let the contract prior to all the bids being received and the bid proposing those receipt of bids passing. I just wondered if that was a fair characterization of what happened, and if so, why you would do that. Perhaps you might also indicate what that particular contract dealt with.

Mr. Posen: This is the case where the ministry signed a \$200,000 contract with Environorth one week before the closing date for receipt of bids.

As I listen to the explanation of this from our own staff in the northeastern region and the purchasing section, we had two groups of people proceeding with the contract, one told to get on with it as fast as it could, the other told to ensure that it had all the documentation required to proceed. The right hand and the left hand did not know what the other was doing.

Again, it is not a very happy situation, but it is the kind of situation that we believe we now have under control in the ministry.

Mr. Carrothers: With centralized information now, you feel that is not going to happen?

Mr. Posen: The region does not have the authority to sign that contract without head office approval.

Mr. Chairman: Thank you, Mr. Carrothers. Ms. Hart.

Ms. Hart: Mine has to do with the vehicles question. Do we want to pursue that?

Mr. Chairman: I think we agreed to deal with the two together, so feel free to question on the vehicles.

Ms. Hart: On page 68 of the auditor's report, the auditor makes a recommendation under "Tighter Control Required Over Use of Vehicles," pointing out that there seemed to be an excessive number of miles put on personal vehicles and, at the same time in the same region, not very much mileage put on ministry vehicles. What, if anything, has the ministry done to respond or react to that recommendation?

Mr. Posen: We responded on a number of levels. One is looking at the situation ourselves and verifying the problem. The second is participating in the government's general fleet management learning process, which has been going on for the last couple of years under the leadership of the Ministry of Transportation. I think we have all been sharing, as ministries, our experience on how people have effectively managed their fleets.

Third, we have purchased a number of additional ministry vehicles to ensure that ministry vehicles are available to staff who travel a good deal. This is not a ministry where staff are at their desk. They are out in the field a good deal, dealing with complaints or investigations, visiting municipal and provincial water and sewage treatment plants, checking up on tests, whatever it might be, so there is a good deal of travel.

Fourth, we have given the regional directors the responsibility to ensure that they are tracking the kilometrage of individuals so they have some sense of whether somebody should be assigned a government vehicle or using his own personal vehicle. Perhaps the most difficult for us is getting across, in an educational sense, to the staff of the ministry that these are the guidelines and these are the trigger points and that if you are an individual who travels a good deal, you must be looking to use a ministry vehicle rather than logging all those kilometres in your own car.

There are some behaviour patterns that are going to have to be turned around in achieving that, but again, we are saying to regional directors that performance appraisal depends on their ability to provide that kind of leadership and management control to their own staff.

Ms. Hart: Can I take it from what you say that it is more cost-effective to use ministry-owned vehicles as opposed to personal vehicles?

Mr. Posen: Mr. Castel will quote the numbers, but basically there is a trigger point where it becomes--

Mr. Castel: A study was conducted in the government and guidelines are being published. This study reflects that if you are travelling outside Toronto, 15,000 kilometres is the cutoff point, and if you are travelling within Metro Toronto, 22,000 kilometres is the cutoff point. These are guidelines, and as the deputy has said, the government is developing these guidelines so they can be followed by ministries. We will certainly base our policy on the government policy.

Mr. Chairman: The cutoff point to what?

Mr. Posen: If you log more than 15,000 kilometres, you should be using a government car because that is where the government car is more efficient usage. If you use under 15,000, then we can consider the use of your own personal vehicle. In Metro Toronto, the similar number is 22,000 kilometres.

Ms. Hart: Just one more, following up on that. You dealt with the tracking by the regional directors or regional managers of the individual's mileage. How is it, if you are, getting at the problem of underutilization of a ministry-owned vehicle?

Mr. Posen: What we are discovering is they are underutilized because people prefer to use their own car. We will simply be saying to people they must use the ministry vehicle because it is the more efficient expenditure. At some point, we are going to have to simply say, "We will not honour expenditures on your own vehicles over a certain distance."

Ms. Hart: Do you have any idea when that point is, when you will be saying this?

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Mr. Posen: We have certainly had the auditor's report this year. I hope we can bring about what I would call the cultural change in the ministry this year. If it does not occur, if we do not see people accepting the guidelines that are there, then I think we will kick harder, if I can put it that way.

Mr. Castel: What we are doing now is sending directors a quarterly list to show the kilometres that have been logged in by staff. The other consideration is that some of our staff who travel all the time, day in and day out, sometimes need an air-conditioned car and the luxury of their own personal vehicles. This is something that managers from time to time have to consider when they are travelling almost daily.

Ms. Martel: If I can go back to the tendering process for a moment please, I notice that in the summary of the ministry's response to the auditor's findings it was stated that ministry staff involved with the purchasing of services have been formally reminded by the deputy minister about the guidelines under Management Board of Cabinet. I am wondering how we got into the position that people had to be reminded of what the guidelines were. How strict was the tendering process in the first place and how strict was the enforcement on people dealing with that?

Mr. Posen: As you are aware, the guidelines and directives have been revised in the last couple of years, and many of the issues that the auditor looked at covered a previous period. But certainly my predecessor and I, over the past year, have both taken pains to remind senior and middle managers in the ministry that they are required to follow those guidelines and directives.

I do not think, in any case, that the auditor has cited that there was any sense of people not following the systems for their own benefit. My sense of it in reviewing the files is that people were trying to get things done as quickly as possible in some cases, and in other cases simply did not understand the requirements of the system, which speaks to our training and education systems.

The director of our administrative services branch has had eight meetings and is about to have a ninth with an additional branch to provide that kind of training to supervisory and managerial staff who initiate and approve these kinds of contracts and tendering processes. Through that, we are hoping that all of the staff understands that living up to these guidelines and directives is not a time-consuming, bureaucratic exercise but one which facilitates their acquiring the resources or technical or consulting services that they have need of.

I think slowly we are beginning to get that message across, that this is not a hoop that they have to go through, but it is a service that, centrally, the ministry can provide to them to help them achieve their goals and in the process keep the deputy minister somewhat more happy than he might have been in the past.

Ms. Martel: If I can just add to that a second supplementary, I notice that any order now over \$100,000 has to be reviewed by the director of administrative services. Can you tell me where it goes from there and what is the pecking order from there?

Mr. Posen: He would ensure that all the necessary approvals and systems are in place. He would have checked on the tendering process when there is a request, what kind of request for a proposal there has been, what kind of response, what kind of tendering there has been, to make sure that all the steps of the contracting process have been carried out before he would approve the purchase order for that particular contract. If not, if he sees a problem, then the whole process comes to a grinding halt right at that point. No commitments have been made, and it is likely we would cancel and go into it again.

André, you may wish to answer, since I hold you responsible for this process.

Mr. Castel: This is precisely what happens. Perhaps I can give you some more detail, if I may. There are three areas that we are very concerned about. One is general goods and services. We spend about \$60 million in this area alone every year. What happens is that the branch that needs a service or a good issues a requisition, then it goes to the administrative services branch and they deal with it. If it is less than \$100,000, the supervisor of purchasing is responsible, reviews it and then puts it through. If it is \$100,000 or more than \$100,000, it is the director of administrative services.

The other area is consulting services. We have a purchase requisition. We have terms of reference that are developed. We have a request for a proposal document and a draft contract, and they all go to the administrative services branch and are reviewed again before anything goes out.

Finally, the third area we are concerned about--and I believe the auditor quite rightly pointed it out--is the question of computer equipment and services. What happens here is that we have a purchase requisition that goes to the administrative services branch. The purchase requisition has to be accompanied by a feasibility study, which would have been approved by our director of systems, as I mentioned this morning.

I am very confident that this system we have developed will avoid a repetition of some of the things that have happened but, of course, we are always open to human error. As the deputy said, we try to avoid them as much as possible.

Ms. Martel: One further question. Is there any change in terms of the numbers of people who see a contract, dependent upon the cash value of that, the amount of money, or are we looking at just one person reviewing?

Mr. Castel: The responsibility has to be the director who is initiating the order, who is hiring the consultant. He goes through it, but we have a second review and it is done centrally. All the documentation has to be correct and go out from our administrative services branch. Previously, the documentation was prepared by the branch and the branch handled the evaluation and the selection of the consultant.

Mr. Dietsch: I would like to go back to the vehicles for a moment, if I may. Ms. Hart asked a number of questions that were relevant. Just to follow up on that line, with regard to some of the vehicles there was some analogy that they are unreliable and somewhat run down, etc. Is there some type of program in place within the ministry that checks this type of system? Were there other points, with respect to the vehicles being unreliable, points well made? I would like some feedback in that respect.

Mr. Castel: We do not have criteria to monitor mileage and mechanical performance because we are waiting for this government policy that is being developed, as the deputy has said, by the Ministry of Transportation. What happens at the present is that even though there are no set standards, we have a vehicle co-ordinator in each branch and each region and the vehicle co-ordinator is responsible to make the decisions at the local level. The manufacturer's recommendations are applied to the letter. What is in the manufacturer's booklet or instructions is applied.

Management Board guidelines are used for disposal. For example, we dispose of a vehicle if it is five years old or if it has logged 130,000 kilometres, or if the repairs are in excess of the value of the vehicle. These requirements of Management Board are followed. Finally, the fleet management information system, which again is a computerized system that is under development, will have preset standards for comparison with actual performance. This is something the vehicle co-ordinators will have at their fingertips.

Mr. Dietsch: Am I correct in understanding that there was no program previously in place to check this sort of thing? Is that what I am hearing, or that it was not as sophisticated as what you are proposing?

Mr. Castel: The decisions were always made at the local level. We did not have a complete management information system for the ministry to compare actual performance with what has taken place, with what the standards are. This is what the new computer system will do. We will have set standards and then we will compare the standards with the performance.

Mr. Posen: It will certainly let us know whose models and whose products are standing up to use over that time period.

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Mr. Adams: On the vehicles again, these cutoffs that you mention, I can imagine how they are arrived at, but it must greatly depend on the number of vehicles in a ministry, whether they have all been sitting there for a week and things like that. We were given this clipping, "'Fleet' Savings Top \$3 Million," and it seems that one of the things the article was after was that

there is a possibility for specious savings, if you like. I could well imagine how one could easily save on the fleet and spend money, particularly under these limits that you mention, in the private area.

In your case, you are Ministry of the Environment and there is a big advantage of fleets, being that they can be converted, as I understand it, quite effectively to propane. If that were the case, there would be a greater incentive for many of your employees--they are very keen on the environment, I assume--for using fleet vehicles. Have you done anything like that?

Mr. Posen: I will have to ask staff whether they are aware of anything that has been done. Part of the problem too, of course, is that a number of vehicles and trucks are driven out into the bush and outside of some of the urban areas and it seems to me that propane fleets are more urban based than rural based. They tend not to travel long distances, but large distances in a local area, if I understand them correctly. So I am not aware whether we have moved in that direction.

Miss Nicholas: Is there not some inconvenience to using the vehicles that are provided by the Ministry of the Environment? I guess I am echoing the concerns I have heard from a number of my friends who work in different ministries that they have to return the car by a certain hour. In fact, they may have to go out of their way to return it, then they go home from there and there is a great deal of inconvenience to them associated with using vehicles. In fact, they are not complaining about finishing at five; they may be rushing for the eight o'clock, or whatever deadline it is, and they find it most inconvenient to requisition or to use a car for some reason.

Mr. Posen: Sure, there are those management problems related to the use of government vehicles, if the vehicle is to be picked up and returned to the office at the beginning and close of the day. If you happen to be visiting a site that is closer to your home than to your office, people will question why they have to drive all the way back to the office to bring the vehicle in when it is just easier to go home. Of course, if they do not come back to the office, then the vehicle is not available to someone else who, the next day in the morning, may be trying to get that particular car to go off to someplace else.

Smoking rears its head in this question. Some people smoke when using a vehicle. The next person does not want--

Mr. Dietsch: A pipe or a cigarette?

Mr. Posen: Pipe, cigarettes, cigars, whatever. The next person does not want to get in or use a car that has picked up the smoke.

In management terms, there are problems and challenges, as indeed there are in all of these things. But I think the basic point remains that if one is looking for an efficient and effective use of public funds, then the rough tests which have been developed, of the 15,000 and 22,000 miles outside and inside Metro, indicate where some aspect of those fleet savings can be achieved.

Miss Nicholas: Is there any dialogue between the person taking the car and who they take the car from? For instance, if they are going to Hamilton, they live in Mississauga, it is a snowy night and it is 7:30--I do not know what the time restriction is actually to get it back--are they expected in all instances to bring that car back downtown and then to make their way back to Mississauga in the evening?

Mr. Posen: That is the expectation, but clearly there are circumstances in which they cannot do that and they end up taking the car home and bringing it back in the morning, although that has to be reported to us. We are trying to avoid those things. We then get a complaint from somebody who says that a Ministry of the Environment vehicle was seen parked in a shopping centre. Because their own personal car is still at the office, they had the ministry vehicle with them and they had to go to the drugstore that evening, and the phone call comes in.

Interjection.

Mr. Posen: Those will come in from time to time, too.

Miss Nicholas: That was the other thing. I guess I was surprised also to hear about the guidelines that you have set for the cars because the other thing that I had heard in a complaint, following on what Mr. Adams had said, was that a number of the vehicles are really in disrepair or the brakes do not work quite as good as they should, and they mentioned the adaptability to a car that is not your own.

In some of the ministries--I am not saying the Ministry of the Environment; the one that comes to mind is the Ministry of Municipal Affairs, and there are others--I have heard complaints about the quality of the cars. People trust their own vehicles.

Mr. Posen: Certainly, the administrative policy is to ensure that they are repaired as per the manufacturer's schedule of repair.

Miss Nicholas: That is better than I do for my own car, but you probably should continue to do that.

Mr. Posen: Which is not to say, though, that some of them being driven by multiple drivers in a variety of circumstances do not end up in fairly questionable condition.

Mr. Chairman: Mr. Posen, we thank you for your co-operation and that of your staff.

Tomorrow the committee will be dealing with section 4.11, which is the compliance with guidelines, youth opportunities activity. From the Ministry of Skills Development, we will be having Glenna Carr, the deputy minister. At two o'clock we will have the Deputy Solicitor General dealing with two items, the telecommunications project, which is going to be dealt with once again by this committee, and the office of the chief coroner. With that item on the agenda, I am sure we should have a very lively discussion.

We are adjourned until 10 o'clock tomorrow. The chairman will be here at least five minutes before.

The committee adjourned at 3:26 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF SKILLS DEVELOPMENT

TUESDAY, FEBRUARY 23, 1988

Morning Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
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Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
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Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Skills Development:

Carr, Glenna, Deputy Minister

Wolfson, William G., Director, Youth Employment Services Branch

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, February 23, 1988

The committee met at 10:08 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF SKILLS DEVELOPMENT

Mr. Chairman: We have before us item 4.11, excess funding and noncompliance with guidelines, youth opportunities activity. We have with us the Deputy Minister of Skills Development, Glenna Carr; the director of youth employment services, William Wolfson; and the executive director, finance and administration, Frank Kidd. Ms. Carr, if you have other people in the audience you feel can add to the discussion, feel free to call them at any time, as long as they speak into a microphone.

Ms. Carr: This is the team here.

Mr. Chairman: Good. I understand that Ms. Carr has a short statement she wishes to make to the committee and that she would like to distribute that statement after she has made it.

Mr. Ballinger: She does not trust us.

Mr. Chairman: It is her statement. I feel she has the right to do what she pleases with it.

Ms. Carr: I will read it, if I may. Thank you for your invitation.

I am pleased to be here today. As the new Deputy Minister of Skills Development, it is my first opportunity to appear before the standing committee on public accounts and I welcome the opportunity to provide a response to the Provincial Auditor's comments on two of the ministry's youth programs. As the chairman has mentioned, I have with me today Bill Wolfson, on my right, and Frank Kidd. We would be glad to respond to questions from the committee regarding the activities mentioned in the auditor's report after this statement.

The Provincial Auditor in his 1986-87 report reviewed both Futures and Ontario summer employment programs. I am pleased to note that there was nothing of concern in the report regarding the Ontario summer employment program. It has been around since 1977 and I think it is fitting that it did get a clean bill of health from the Provincial Auditor.

It may be helpful to this committee if I provide a brief background on Futures before addressing the specific concerns mentioned in the report.

Following a review of six government youth programs in 1985, Futures began as a new consolidated program in November 1985. It was a commitment to youth by the government. It reflected serious unemployment difficulties experienced by youth at that time. In 1984, prior to the introduction of Futures, the youth unemployment rate was 14.9 per cent. Last year the average rate was 9.8 per cent.

The objective of Futures is to assist hard-to-employ youth to get on-the-job work experience and educational upgrading so they can obtain and, more important, retain employment. The assistance is provided through a variety of means, counselling, skills and educational upgrading and providing access to work experience.

Futures is directed at those young people who are unemployed, who are out of school and who have employment barriers, those who have been totally incapable of making the transition from school to work on their own; in short, those most in need of help. Some of these Futures clients have dropped out of school, some have left home and some have had encounters with the law.

Futures is delivered on behalf of the government through the colleges of applied arts and technology across the province and through a variety of youth employment counselling centres. There are now almost 200 Futures offices in Ontario.

The program has four components: pre-employment preparation; work experience program; a guaranteed option; and the part-time work, part-time school option. This new part-time work, part-time school option is a recent addition and was not in place during the auditor's review.

From its inception in November 1985 until December 1987, Futures has served more than 75,000 young people. Some 70 per cent of those contacted three months after leaving the program were either employed or had returned to school.

While a 100 per cent outcome in school or in jobs would be the optimum result, this is still an excellent outcome, given that Futures clients are seriously employment disadvantaged when they entered the program.

At the time of the audit in 1986, Futures was still in the startup phase. Many of the concerns the auditor pointed out can certainly be attributed to the fact that the program was still in its infancy.

It was expected that adjustments to the administrative processes would be made during these beginning months as part of the normal startup process. As well, the ministry itself had already conducted onsite reviews which the auditor did acknowledge and remedial action on deficiencies that were identified was initiated immediately. Again, the auditor did acknowledge this in his report and the ministry's initiatives to improve program management at that time.

With regard to the auditor's specific concerns, he mentioned three main areas concerning Futures activities. These were noted either during audits or field visits of nine Futures locations; four at colleges of applied arts and technology and five at youth employment counselling centres. The concerns were, in brief, (1) the funding of Futures offices, (2) noncompliance with ministry guidelines and (3) success statistics. I would like to briefly speak to each of these in turn.

The funding of Futures offices: Four items were mentioned by the auditor: (1) that excess funding of \$4.4 million had been provided to Futures offices by the ministry; (2) that one office was given an additional \$128,000 after indicating it could not meet its target; (3) that \$6,500 in Futures funds was loaned to an unrelated program; and (4) that excess Futures funds were used to purchase appliances such as a microwave oven.

First, to clarify the concern about the \$4.4 million in excess funding, it would be useful to outline the process by which funds are allocated to each office. Based on preliminary information and an application supplied by each Futures office to the ministry, the staff of the youth employment services branch enter into a process of consultation and negotiation with the Futures offices. Provincial information is meshed with the individual community needs for youths and efforts are made to ensure that overall goals are met, while the capacity of each office is not exceeded.

The \$4.4 million in funding was allocated to Futures offices in 1986 as a result of this process. It is the difference between the amount originally asked for by the offices and the amount arrived at after consultation with the field organizations. The ministry wished to ensure that no needy clients would be turned away.

As you will recall, Futures was created from six previous programs. During the transitional period of going from the six programs to Futures, the youth employment counselling centres had to adjust to a number of new changes. In the past they had been able to place only 20 per cent of their case load in subsidized work placements. Under Futures, the emphasis is on subsidized work placements. Consequently, when the centres first made up their budgets in the early months of the program, some of them were still thinking in terms of the 20 per cent and underestimated the number of clients they could serve. This was reflected in their first funding request.

During negotiations with the ministry, the budgets were subsequently adjusted to reflect the new program guidelines. As well, the anticipation was that Futures would become more widely known and would attract more clients. To ensure that the capacity of each office is not exceeded, there is a midyear review. During the review, it is possible to reallocate funds, if necessary, between offices. Ministry program staff also conduct onsite program reviews and there is a year-end final audit to ensure that funds have been used for the intended purpose.

The second concern: There was a specific circumstance mentioned by the auditor of a Futures office which was given \$128,000 more than it asked for, despite indicating that its original target could not be met. This was also the result of a first-time consultation. On receipt of the original funds application, I understand it was the ministry's opinion that not only the office in question could meet its original placement target, but would need an additional \$128,000 in funding to handle the client load anticipated. The ministry, with the benefit of hindsight, was overly optimistic in this instance.

Although there are, from time to time, differences of opinion between ministry program staff and delivery organizations, the consultation and negotiation method used works well and has provided, in general, satisfactory results. It has been a learning process and a swift one in conjunction with the midyear review where funds may be reallocated when appropriate and necessary.

The third concern: The auditor noted in one office that a loan of \$6,500 in Futures funds was made to an unrelated program. It is the ministry's position that loaning funds between programs is clearly a breach of the contract between the ministry and the Futures delivery organization. In this case, the office in question did repay the funds before the ministry's midyear review and final year audit, at which time the breach would have been discovered and dealt with by the ministry.

The fourth concern: The auditor noted that excess funds were diverted to other uses, in particular, purchases of appliances, such as microwaves, for youth employment centre staff. It was cited in his report that no specific guidelines existed for such expenditures. The ministry does indeed provide guidelines for expenditures by Futures offices and there are two budget categories for the program. One category is for the Futures participants' wages and stipends and the other is for support costs, which include equipment. The guidelines specify that funds cannot be moved from one category to the other.

The unspent funding that the auditor identified was in the budget category of the participants' wages and stipends. Equipment cannot be and was not purchased with money from that category, so the wrong budget category was definitely not used for equipment purchases.

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Equipment purchases are funded through support costs, which cover items like typewriters, office furniture, adding machines and microwave ovens. In the case cited, the oven was intended to serve Futures clients, young people who are at the centre all day. It was to provide these young people with the means for a hot meal.

The guidelines do not itemize in a detailed list which equipment is permissible. It is expected that needs vary from centre to centre and community to community. The ministry leaves equipment decisions to the local office. If we feel it is needed, we will ask the office to provide details on equipment that has been purchased with funds.

Second, noncompliance with ministry guidelines: The auditor found that at five Futures offices some client assessments were incomplete and that client eligibility information was not always verified.

Through the ministry's own program review process, we were already aware of these problems at the time. Remedial action was taken immediately. Revised program guidelines were put in place to ensure thorough record keeping and verification, as well as a monitoring procedure for regular onsite reviews. To verify eligibility of age, for example, the ministry requires a copy of the birth certificate and confirmation of the date of leaving school, as well as education and employment history.

The auditor did note that poor assessments were performed early in the life of the program and that a marked improvement had taken place in recent assessments. The ministry was particularly pleased to see the auditor also identified some excellent assessment work being done by a number of the delivery agents at the time of the audit. All offices are aware that completed assessments are required and that they are a priority and this is reinforced during the field visits of our staff.

The third item, the success statistics: In the report, the auditor pointed out the ministry altered its formula for calculating success. Previously, the ministry had counted certain outcomes of the program as neutral rather than negative.

At the time the audit was conducted, the ministry and its delivery agents were still developing program measures of success. After considering several different methods, including those mentioned in the auditor's report, a particular approach was selected which is based on the status of the individual three months after departing the program.

In 1986-87, based on this reckoning, Futures had a 70 per cent success factor at the three-month follow-up. The outcomes were as follows: Eleven per cent had returned to school; 28 per cent were employed with a Futures employer; and 31 per cent were employed with other employers, which adds up to a 70 per cent success factor.

Describing successful outcomes in this way recognizes both higher academic upgrading and continuing work experience as improving the opportunities for these young people to learn new skills and increase their employability in the future.

In conclusion, I would like to emphasize that the ministry has, beyond the recommendations of the auditor's report, instituted new processes for managing expenditures under the Futures program.

Ministry staff have reinforced the effectiveness of the budget negotiation process with each office by providing a preliminary allocation based on past experience, now that there is a track record to build on. As well, each office is now encouraged to build a detailed budget based on the preliminary allocations. They may request additional funds or they can seek a lower allocation when it is deemed appropriate to the situation and with the most up-to-date information.

Last, in this past year, 1987-88, the ministry introduced a system of quarterly reports for the offices; in the 1988-89 fiscal year, we are moving to a monthly report requirement from each office. With this in place, the cash flow can be regulated to the offices to ensure that there is a match between the field requirements and transfer payments from the ministry.

The onsite reviews of these offices are continuing. The 1987-88 visits are almost completed, and through them we have noted a further improvement in documentation and verification practices by the delivery agents.

The ministry has requested that field offices itemize the equipment purchased with Futures funds in their 1987-88 final reports. Each office will be asked also to list all planned 1988-89 furniture and equipment purchases in its upcoming budget submissions.

Further, the ministry is continuing a professional development process for these field staff to upgrade the administrative management and client services of each office. Both external and internal documents have been amended to ensure understanding and clear reporting on outcomes so that the three-month follow-up status is the measure to track Futures clients' success.

Through these measures I have outlined, the ministry has demonstrated a positive and prompt response to the auditor's concerns. We have provided the Futures offices with guidance in the management framework required to provide excellent client service in a responsible manner. Thank you very much, Mr. Chairman for the opportunity to respond. I would be pleased to answer questions.

Mr. Chairman: Thank you, Ms. Carr. Do you have copies of your statement?

Ms. Carr: Yes.

Mr. Chairman: The clerk of the committee will hand them out.

Mr. Adams: It seems to me this commitment to youth, which your ministry represents, is something in addition to the commitment we obviously have through the Ministry of Education and through the Ministry of Colleges and Universities. You described a very particular group that the Futures program addresses. It seems to me that when addressing a group like that, which has in one way or another dropped out, an environment outside of the colleges is very important. As a result, the centres you have which are not in the colleges are really a very important part of your ministry's work, as distinct from the work which our other ministries are doing.

I can well imagine, with regard to the auditor's report, that the colleges, no matter how arm's length your centres are, have the infrastructure to report very precise financial packages and so on, but I still wonder about the centres. You have described some of the changes, but first of all, are you confident you have made sufficient changes that these centres, which should be independent and should be away from colleges and the ministry, are able to manage their financial affairs?

Ms. Carr: I would like to just make one general response and then ask Mr. Wolfson to respond more specifically, if I may. A little less than a quarter of the current Futures offices are operated by noncollege agents. They include a whole variety of agents, from the Young Men's Christian Association to the John Howard Society and others. Mr. Wolfson can describe those in more detail.

It is our experience, in the reviews we have been doing during 1987-88, that these other agents have improved their financial management and planning practices considerably. Part of that is a result of the professional development we have provided to them, and we have been working closely with them. I think it would be fair to say the ministry staff have spent more time with them in getting them to the same level of capability to manage. I think a number of the anomalies the Provincial Auditor found in the first year of the program's operation were in fact with those agencies. Perhaps Mr. Wolfson would like to comment on their capacity now and our confidence in them.

Mr. Wolfson: Yes. One of the areas that we have invested a good deal of time and resources in is the development of a new management information computer-based system in which we have provided the software and the hardware to each of our offices to permit them to do a better job of tracking activity and expenditures and reporting to us on a regular basis. We have invested a good deal of time in the appropriate professional development of their staffs, to permit them to take advantage of that capacity. Together with the professional development in terms of dealing with clients, we have also at the same time tried to give them the appropriate support on the administrative side.

Mr. Adams: I am quite keen that they remain relatively independent. The fact that they are related to a YMCA, the John Howard Society or whatever is part of their strength. This group that you are dealing with are people who perhaps would not readily go to a college campus, for example.

Because of the sort of criticism which the auditor has mentioned, we are not moving to overburden them with controls which would overinstitutionalize them, make them like another government department and therefore make them less attractive to your client group.

Ms. Carr: I think that is an important point. There is always a fine line when you are delivering programs through third-party agents, particularly community-based organizations, not to become overly rigid so that Futures clients, both young people and employers, are turned off participating in this. At the same time, you want to balance that with responsible management; so we are always attempting to find that line.

As I mentioned, we have not burdened them with a list of how many pens and pencils they can order for their offices, a detailed list of what they cannot have and so on. We are trying to provide the flexibility to recognize local and regional needs and differences, which are important to keep these young people coming in the door.

Mr. Adams: Thank you.

Mr. Jackson: I guess at the outset the most significant item which the auditor first raised was the manner in which the calculations were adjusted mid-term. It raised, as it did in the Legislature, in estimates and now in the auditor's report, the whole question of political interference or the extent to which the program had to be justified by adjusting the figures.

That has happened. You have now settled on a new set of criteria. What can you tell this committee in terms of the whole issue of how you use certain neutral outcomes in a positive context to justify the success rate of the program? I would like to start with that question.

Ms. Carr: I will again just give a general comment, if I may, and then ask Mr. Wolfson to respond in detail.

As I mentioned in my opening statement, as a result of work with our delivery agents and others prior to the 1987-88 year, we did establish that it was very important to measure what had happened to these young people three months after they left, after they either dropped out or indeed graduated, if you like, from the Futures experience.

We do note at the time they leave the Futures program what is happening. We collect information on that which is used by the Futures offices and so on locally. Second, we do this follow-up three months later. That, I believe, is the measure you are referring to.

Mr. Jackson: Given the data you have, you can search the entire database until you find a point where the success ratio shifts dramatically. It is worthy of note, as the auditor has done, that when you did that process, without doing a thing, your numbers increased by 10 per cent.

Ms. Carr: No, I think there is some confusion here. Perhaps Mr. Wolfson can explain in detail the difference between those two data items that we collect.

Mr. Wolfson: Early on in the history of the program we were working with data that related to the status of young people as they left the program. Over time, we did look at two or three different methods of calculation based on the data at exit. When the auditor was reviewing the program, he noted we had changed our method of calculation at that point in time.

We had previously, for instance, included young people who moved within the program from component to component as a success, and we felt that was not an appropriate thing to do. On the other hand, we had some young people who

had left the program, and they had left for reasons such as moving, being sick. We did not think that was an appropriate negative outcome; so we did make an adjustment early on in the program while still using the measure at exit.

Subsequently, we decided that the appropriate measure really was not at exit but rather after some performance in the labour market. The appropriate way to test the efficacy of the program was to determine or to see how well young people had performed. We do a three-month follow-up, and that has really got no so-called neutral categories whatsoever. Young people are employed, they are in school, they are unemployed or we cannot find them. There is really a single measure of success, which we view to be employed or in school.

Mr. Jackson: I am not so sure we do not have the same understanding, but if I can draw an analogy, in this example the government is basically trying to conduct a dropout study by examining all grade 13 graduates. You are doing something with the numbers. It is pretty clear in my mind.

If I can focus on the deputy's comment--

Mr. Chairman: I think Mr. Wolfson wants to respond to that comment.

Mr. Wolfson: The three-month follow-up is done on every participant, not just those who complete the program, but every participant. It is not just those who graduate.

Mr. Jackson: We will get into the three-month measurement and the three month after that follow-up. You are starting to measure that? Did I hear you correctly? You are doing the three months after exit from the program and then a further three months after--

Mr. Wolfson: Three months after exit. No, there is no further three-month. There is a one-time, three-month study.

Mr. Jackson: Then I will focus on that, if I might. In terms of the three-month measurement and the stated purpose of the program, to assist for long-term employment, being more than simply a transition, why are you not measuring beyond the three months to determine the degree of long-term employment? How many young people, four months or five months after exiting, are back on unemployment insurance? To what extent are we able, as a government, to measure the effectiveness of that? That leads into another question, which I will pursue. Would you like to respond to why you are not measuring beyond that, or do you just feel you have done your program, that is all you need to do and it is fine after that?

Mr. Wolfson: I think there is a balancing act here in terms of trying to determine what the appropriate length of time is after young people have left the program that we take this measurement. The longer the period of time out of the program, the more difficult it is, the more costly it is to try to track these young people down, the more other kinds of interventions have taken place in their lives so that it may or may not be a relationship to what we have been able to do in the Futures program for them. I guess we determined that three months would be an appropriate length of time to do a one-time follow-up.

Mr. Jackson: Let me ask you this way. Have you ever considered, for example, just measuring the employment situation, as the aspirations of the

program are for long-term employment and stabilizing certain skills? Why are you not measuring even the small percentage that stays in terms of long-term employment?

There are serious questions. The deputy referred to taking five programs which were targeted and bringing them in under an umbrella program called Futures. There are some wins and some losses when any government adopts a policy such as that. We have some serious concerns, all three political parties, for some of the minority groups, the native groups, who we suggest are benefiting from a program.

But if we are going to put a person in northern Ontario cutting bush for three months and call that giving them sufficient skills and giving them long-term employment, it almost raises the question, why are we afraid to measure it, as that really is the clear indication of whether we are getting good value for our dollar in terms of this program and, in fact, helping young people with the program?

You raise serious doubts as to why we do not have a measurement beyond that, because it ties into how effectively we are helping visible minorities, women in particular, the various target programs that were developed under the previous administration. Whether they were effective or not, they were targeted. Futures is an umbrella, and if we are not measuring, how can we determine areas of the province with 20 per cent unemployment and the effectiveness of Futures? That is why I want to ask you that question in such specific terms.

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Ms. Carr: Mr. Jackson has raised a number of other issues here as well. We would like the opportunity to speak to who is participating in Futures in terms of the target groups and how effective the program is at reaching some of these groups.

Just as it relates to the three-month follow-up and the measurement, we are dealing with a pretty volatile group of people. For any group that is dealing with teenagers or 15-to-24-year-olds--as the parent of three children who have gone through this experience themselves, I know they do change their minds a lot--it is difficult to establish, as Mr. Wolfson has mentioned. Do you measure where they are at six months, at 12 months, two years later and so on?

When you begin to track over a long-term period and then try to attribute how much of what they have done and where they are can be related directly to a program like Futures, considering that the maximum length of time for any Futures participant is 52 weeks--in fact, some of them participate for eight or nine weeks in a shorter version if they do not go through the full range of the Futures possibilities--for, say, an eight- or nine-week participant to measure 12 months later where he is and how much of that is related to his Futures experience begins to be a fairly complex task when you also consider the volatility of other experiences and effects impinging on the career path, if I can call it that, of these young people.

Those are some of the things we are grappling with. I think there are some things we would like to do in terms of longitudinal studies with regard to young people, not only in Futures; we do have other programs aimed at young people, such as the summer Experience program. It is the ministry's view that research and longer-term assessments need to be done, not just on Futures but on a range of these different programs aimed at young people.

Mr. Cureatz: I was interested about the targeted group. As a member who has had a number of constituency offices for a good length of time, valuable as the program is, in trying to handle some of those situations for those of us who are in the front line, we always have those borderline cases that give us more aggravation than a lot of our other constituency work combined. I guess that is where they fall out of that age-group category.

We have not been very successful in trying to convince the ministry to show leniency in the situation. Have you looked at that and approached, in terms of that targeted group, a grey area over the age limit so that there would still be some consideration of attempting to catch maybe a larger bit of a group than what you were targeting?

Ms. Carr: You are referring to the age limit being 24 years old, except for handicapped people, where it is 29?

Mr. Cureatz: Yes.

Mr. Wolfson: Our guidelines are quite specific on this point.

Mr. Cureatz: I know.

Mr. Wolfson: We have a lot of encouragement from my colleagues from the Provincial Auditor's office to have specific guidelines.

Mr. Jackson: Will you enforce them? That is the question.

Mr. Wolfson: We do indeed enforce them. We do indeed make it very clear to our delivery organizations that the age criterion and the time-out-of-school criterion are not ones which can be waived. I guess with any program there is a set of guidelines and parameters as to who will be eligible and who will not. This program is for those young people who are the most disadvantaged in our society. They are having difficulty making the transition from school to work.

Mr. Cureatz: If there appears to be such a demand, maybe there should be another program beyond that. Has the Ministry of Skills Development considered that, considering you got \$4 million extra than you anticipated?

Mr. Chairman: I am sure you are not expecting an answer to that.

Mr. Cureatz: I am. I mean, have you targeted the group? Do you know or have appreciation, out there in the real world, that you are turning away a number of people? Do you have a handle as to the number who are being turned away? If you do, and if is substantial, would you consider a program or a recommendation to the minister to let the government make a decision that there should be a further extension for age category, maybe with different kinds of guidelines, but at least something?

Ms. Carr: If I can respond in a general way, we do from time to time receive requests, either through a Futures office or from an individual member of the Legislative Assembly such as yourself, asking for particular consideration for a particular client who is older than the 24 age limit. We do not have a sense, however, that people over the age of 24 have the same severity of employment disadvantage. A number of these people have, in fact, had jobs, for example. They have had that first chance in getting some work experience.

I would just like to mention that the ministry does have a number of other programs, such as the Ontario basic skills upgrading program, which is delivered through both the community colleges and a number of other agencies, which is dealing with providing basic skills to adults who are already in the workplace or who wish to enter the workforce. Those are provided tuition-free and with support allowances to allow them to participate. We do have the Transitions programs which, as you know, is aimed at older workers, 45 and over, who are suffering employment disadvantage through plant closure, layoff or whatever. They are provided with a training voucher and so on. There are a number of other things in place.

We are also attempting to provide other opportunities, not just to young people but to other workers as well, or would-be workers, through expanding the apprenticeship system and increasing the number of opportunities and the access provisions to participate in that form of long-term training. That is an area where some of these people may wish to participate in the future and there will be support provided for them.

Mr. Jackson: That really does not answer the point. In the presence of the auditor, I would like you to really try to respond to what Mr. Cureatz was getting at. That is that you have a threshold. The auditor has identified that you are bringing client groups in above the threshold, that they are ineligible. You have now said that you will go into more compliance. There are many young people out there, 25, 26 and 27 years old, on this program. The auditor has said that is not proper. Will you enforce that now that you are catching it? That was the simple question. We want to know, yes or no? Are you going to be enforcing that those clients are not eligible?

I understand the political pressures in order to ensure that the program has sufficient clients in it. That is a different issue. The issue is that the auditor has made a clear statement that if you are going to provide funding and programs at a certain age level, what are you dealing with? What are you doing with respect to compliance?

Ms. Carr: As I mentioned in my statement, we are, in fact, enforcing that. We do require proof of eligibility, either a birth certificate or some other way of indicating what the age of the client is.

Mr. Jackson: I heard that. Have you turned anyone down from the program who is currently on the program because they have been found to be ineligible?

Ms. Carr: I always wonder, when you ask me those questions, if you have somebody in the woodwork, but perhaps I can ask Mr. Wolfson to respond to the particular question.

Mr. Ballinger: Knowing Cam, he probably has.

Mr. Jackson: The deputy knows that I am on the board of directors of a youth employment counselling centre and, plus, I have a network where I get many letters on a weekly basis from the YECCs in this province. It is a legitimate question being asked out there. The first part of the question is, are you enforcing it? I am asking you in the presence of the auditor, who brought it to our attention. If you are not enforcing it, what program will you have in place in order to meet their needs? It is a very simple question.

Mr. Chairman: I think she has replied yes, and then your supplementary was, has anyone been turned down who is ineligible? I wonder if Mr. Wolfson will answer that question.

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Mr. Wolfson: Yes, Mr. Chairman. Reminding the committee members again that this program is delivered by Futures offices at youth employment counselling centres and community colleges, we, the ministry, are not the direct deliverers of this program. We do not get the applications centrally. What we do is establish the guidelines and do the field visits in order to ensure that offices are adhering to those guidelines. I do not have a specific case on my desk in which an applicant has come forward and been shown to be ineligible, but I am sure there are many of that sort who exist across the province.

Mr. Jackson: I am simply asking you, for the record, when you go through and do your own compliance examination or your field consultants are examining records and they come across one, what then is your stated ministry policy? Do you advise the clients they are ineligible? Do you put in a reprimand? Do you put a flag in the file? That is all I am simply asking. This is not going to be raised again for four years. We would like to know how you responded to the auditor's legitimate question.

Mr. Dietsch: Can we have that one in writing?

Mr. Pouliot: They will be back next year.

Mr. Jackson: The auditor will not be, but estimates is another forum.

Mr. Wolfson: We make it very clear to the Futures offices what the guidelines are and require them in future to adhere to them.

Mr. Jackson: In future. In fact, you do not remove anyone who is deemed to be on the program ineligibly?

Mr. Wolfson: If they are currently on the program?

Mr. Jackson: Yes.

Mr. Wolfson: I would have to review with my staff what our position has been on that.

Mr. Jackson: OK. I think we just got our answer.

Mr. Chairman: Would you review with your staff and answer Mr. Jackson's question later? Miss Nicholas has a supplementary.

Miss Nicholas: Just a point of clarification from Mr. Jackson. I heard him say that you have--and may I be permitted to quote you as best I can--"many, many people who are ineligible and above the age of requirement." Is it a fact that there are "many, many"? Could you respond to that in particular?

Mr. Jackson: Would you like me to describe what "many, many" is? Three or four in a given delivery mechanism.

Interjections.

Miss Nicholas: Anyway, I worry if there are that many. I guess I can see where one or two can slip through. Could you respond to that at all, that "many, many" may be ineligible? Could you add that to your questions? I did

not see the auditor say "many, many" and that is why I just wondered if that was a--

Mr. Jackson: He examined less than 10 per cent of the youth employment counselling services in the province.

Mr. Chairman: The question has been asked.

Mr. Wolfson: I do not believe there are many, many.

Mr. Chairman: Mr. Wolfson, would you repeat your answer, please?

Mr. Wolfson: I do not believe there are many, many. I would think there are perhaps no more than one per cent who are over the age of 24. Many of those, if not all, would be disabled young people.

Mr. Chairman: Supplementary, Miss Martel.

Miss Martel: Yes. It is a supplementary to the question of the success rate. I want to go back to it because I am a little concerned at how you are measuring it. I take it we are looking at success being those students returning either to school or to some type of gainful employment, whether with the employer they had under the Futures program or with another. When you check with the students and they have moved to another employer, is it just enough that they are actually employed with an employer and that is marked as a success, or are you looking at who the employer is?

I am thinking in particular if they are going from a minimum-wage job with Futures to a minimum-wage job with a new employer, which is not getting them out of the trap they are in, and are the skills they had in the first Futures job being enhanced by the new job they have gone to? Or are they going from an office job to pumping gas? How are you measuring success with the new employer?

Mr. Wolfson: To go back, the purpose of the program is to take young people who are unemployed, disadvantaged, are not participating in the labour market at all and get them to the position where an employer is indeed prepared to employ them. In our view, when we do the check three months later, it is appropriate for us to count as a success a young person who indeed is employed, either with their Futures employer or another employer.

Mr. Chairman: Mr. Jackson, you have had two supplementaries to your question. I believe Mr. Pouliot is asking for another supplementary. Do you want to continue with your questioning?

Mr. Jackson: If they want to focus on this part of the question, fine. No problem.

Mr. Chairman: On this part of the question?

Miss Martel: Can I go again? I would think that, since we are spending so much money on this particular program--and I am not against it--I am just concerned that I think the success rate should really look at whether we are having these students develop any type of skills which are going to lead to long-term employment?

My sense is that it is not enough that they just move to another employer if they are not any further ahead of the game in terms of

self-confidence and how they present themselves to an employer. What is the potential then for long-term employment? I am wondering if we cannot start to look at that as a much clearer measure of success than just moving to another employer.

Mr. Wolfson: As I tried to indicate in my previous answer, I think we are dealing here with young people who have very severe employment barriers, many of them, when they come into the program. We have young people who are on welfare, we have young people who have a criminal history, young people who have never had a job for any period of time whatsoever. Through the kinds of services that Futures has to offer, we have taken them from that kind of a situation of severe disadvantage to a situation in which they are indeed employed in the labour market. I think that is precisely what the program is designed to do.

Mr. Adams: We seem to be on a stream of supplementaries. I simply wanted to express my concern at this witchhunt or wizard hunt for some poor 25-year-old who finds himself or herself in this program and the sense that we might seek these people out and throw them out of the program. I find that most unfortunate.

Mr. Jackson: Thank you for the supplementary.

I have a question for the auditor. You have flagged this notion of noncompliance with an age criterion and the use of taxpayer dollars. You have now heard the statement that they do not do the delivery, that they have agencies in the field that deliver, even though they are under the same ministry. You have also heard that upon determining that there are violations, they simply observe it.

I could ask the question in several ways. Are you satisfied that is an appropriate reaction to what you have stated, as the auditor?

Mr. Archer: As an auditor, I certainly would not advocate that they turf an individual out.

Mr. Jackson: I did not ask you that question. You had a purpose in making the statement and I would imagine it has to do with the spending of the taxpayers' dollars by a specific ministry.

Mr. Archer: Right. Our purpose was to determine whether or not these agencies were determining whether or not individuals were truly eligible under their ministry's guidelines for the program, and we found that in many cases they were not even checking the eligibility. We cited in the report one instance where an individual 27 years of age was on the program.

In saying that, we do believe there is a case for flexibility, that the ministry could make exceptions for, let us say, a person 27 years of age. But we do feel that, since it is a violation of the guideline, some additional approval, say at the ministry level, would be required for such an exception.

Mr. Jackson: Essentially, that is what I am asking you in terms of how we deal with the problem. There is not another program; they have to be retained in the program. You have the same problem with Transitions in terms of picking the hard and fast, but the directors of the youth employment counselling centres I have talked to indicate that one of their ways of dealing with it was by not including the age information. Because of your report, it is a prerequisite now that age be shown. Therefore, we will be

flagging more of these individuals who are above the line or, in fact, below the line. So you would be satisfied with the response you have received; the fact that they are noting it is sufficient?

Mr. Archer: I do not know that I quite understand. I think the point you are trying to make is, once they have noted it and a person is in the program, what should they do? Should they leave him in the program or should they tell him to get out?

Mr. Jackson: No, what they should be doing is asking why the ministry is not enforcing it before it comes to a point where someone is on the program. Is that not a question of why people would willingly put someone on a program?

Mr. Archer: I would think the ministry, through its own inspection routines, if an agency was regularly violating the guidelines, would lay the law down and say, "If you don't start adhering to these guidelines, we're just going to cut off your source of funds," that type of response.

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Mr. Jackson: That is what I was looking for. My question to Mr. Wolfson then is, to what extent are you measuring this practice within your delivery mechanisms of, for whatever reason, accepting client loads that are outside the guidelines?

Mr. Wolfson: Our program is reviewed each year. Part of that exercise is a file review in which we pick files randomly from the files available at the centre in order to review adherence to the guidelines. We have yet to find a centre in that review process that has been identified as a flagrant violator of the guidelines.

Mr. Dietsch: Auditor, in relation to the question that Mr. Jackson asked you, did you look at the aspect of what type of a case load would be required so that the best value of the dollars for the program was going to be taken advantage of?

Mr. Archer: I do not believe that was an objective of this audit, no.

Mr. Dietsch: So whether there is only one client who meets the criteria or there are 50 clients who meet the criteria was not an objective of the value in the audit.

Mr. Archer: We did not attempt, on a wholesale basis, to determine whether or not the clients met the criteria. What we set out to do was to determine whether the agencies involved were making that determination, and we found that in a number of cases they were not. So we undertook to look at a sample of those to see the results. At least in one instance we noticed an age problem of a person of 27 years having been accepted, but that by no means is the only difference or discrepancy that would be out there.

Mr. Jackson: In her response to the fact that moneys were put into programs above what they had originally budgeted, in response to that point in the auditor's report and in response to the point about the \$4.4 million, the deputy at first referred to a policy statement, "No needy clients should be turned away."

That is logical and should stand on its own merits. But then you went on

to state--and I have not been able to determine if that was in your prepared text--that these delivery groups need funds for anticipated client loads. Could you please explain to me why you would be funding programs on anticipated client loads? That is quite odd, where you have a program and you are saying: "In the next six months to a year, how many do you think you might have? We will now give you the money for that." That is a fascinating statement. Could you please clarify that?

Ms. Carr: Yes. I would like to give a general response and then, if I may, ask Mr. Wolfson to clarify specifically how they do their budget requests and budget allocation process now.

What I said was that now that there is a track record, office by office and local area by local area, to go on, the budget allocation initially is done based on that previous track record. We have encouraged the Futures offices to liaise closely with community agencies and school boards to gather information about developments within their communities that may affect potential Futures clients, if I can put it that way, and they have the opportunity in the budget consultation process to bring to the attention of the ministry any changes or developments in their local areas that they feel may impact on the number of clients who will be coming to their attention. May I ask Mr. Wolfson to expand on that?

Mr. Wolfson: With regard to the auditor's comments in this area, he was really referring to a different kind of budgetary process that we had followed in previous years. What the deputy has just described is our plan for 1988-89. But prior to that, what we asked individual Futures offices to do was to submit to us a proposed budget in which they estimated what they felt their community would require, what they felt their costs would be to deliver the Futures program. We at the ministry reviewed each of those submissions individually, then looked at them collectively for the province as a total.

In terms of the particular exercise the auditor reviewed, it was our judgement at that point that there were some offices whose submissions to us did not adequately reflect the reality of the new program.

Mr. Jackson: That is a cute statement, but what are you saying? There were not enough applications, or they were not asking for enough money, or they were asking for too much money?

Mr. Wolfson: Some, in our view, were not asking for enough money.

Mr. Jackson: That confirms what the auditor and the researcher had uncovered. How do you draw an assessment that there are insufficient moneys being asked for? How do you come to that conclusion, given that they have not asked for it?

Mr. Wolfson: There were two or three reasons we used at the time.

Mr. Jackson: You do not use these any more? These were the ones you used at the time.

Mr. Wolfson: Referring to the time at which we made the determination.

Mr. Jackson: OK.

Mr. Wolfson: Those reasons remain the same today.

Mr. Jackson: That is what I want to know. What were those three reasons?

Mr. Wolfson: The first related to the fact that youth employment counselling centres had been used to working with a previous program, Youth Works, in which we constrained their ability to use subsidized work experience placements. We established a previous rule which said that no more than 20 per cent of their case load could go in that direction. We felt that many of the YECCs had yet to get the message that Futures was a new program, indeed the government's prime program in dealing with youth employment, and that in our view there would be many more opportunities to place young people on the Futures program. So the first part was the self-imposed constraint that youth employment counselling centres were acting under, which in our view was no longer appropriate.

The second area we anticipated at the time was a substantial and new communications effort on behalf of this program. We at the branch were well aware that the ministry was going to be undertaking a major communications effort, an effort which was perhaps considerably greater than had ever been done in the past and, in our view, that was going to lead to great participation.

Those are the two fundamental reasons that made us believe the requests from the field were not sufficient.

Mr. Jackson: A question flowing out of that one is, how many YECCs were in place under the previous government? If you are not going to take local advice about the numbers, and you are going to suggest that out of Toronto we can determine how much their budgets might be and their anticipated client load, you referred to the old programs and not getting a message across. My understanding is that there were not that many YECCs operating around the province four years ago. How many--

Mr. Wolfson: We are not talking about four years ago; we are talking, I guess, about two years ago. You are now taxing my memory, but I would say we probably--

Mr. Jackson: You were in that ministry.

Mr. Wolfson: --at that point had, I would think, around 45, 46, 47 YECCs, somewhere in the 40s in any event.

Mr. Chairman: I have five people on the list after you, Mr. Jackson. Since we wish to conclude this, if possible, at 12 o'clock, can you wind up within the next five minutes or so?

Mr. Jackson: I would like to stay with this instead of the other questions I have, finish this line of questioning and ask the--

Mr. Chairman: I will put you back on the list.

Mr. Jackson: --ask the auditor this one question.

Mr. Ballinger: This is LA Law.

Mr. Jackson: You may be here just in order to put in your per diem. I am trying to get to the root of a program and flag that the minister has asked--

Mr. Ballinger: If you want to get into a philosophical debate, Mr. Jackson, I will be pleased to accommodate you.

Mr. Chairman: Come on.

Mr. Jackson: I believe, Mr. Chairman, I directed my question to the auditor. I do not know what "philosophical" has to do with it.

I would like to ask the auditor, again, you have flagged this notion publicly in your report and before this committee on a previous occasion, the concern about the notion that Toronto is indicating that, "You should really be applying for additional moneys because we believe you may be getting additional personnel."

You make specific recommendations. Are you satisfied that the program could be delivered in a financially responsible fashion if the actual demand is not what is being recorded here but funds are transferred on the basis of anticipated or suggested outcomes?

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Mr. Archer: I find that a difficult question to answer. Certainly, the situation that we described, which appeared to be one of requiring these agencies to obtain more applicants than they were ready to obtain, in the long run, in our view, is no way to administer a program.

The ministry has come back and said that part of the problem was that these agencies did not understand the full ramifications of the program and did not realize the application potential that existed in the market. So if there can be reconciliation of the views of the people who are going after these applicants and the ministry and their assessment of the market that is available out there, then I cannot see any reason the program cannot run properly.

Mr. Jackson: In conclusion, not a question but a comment. Perhaps the auditor might have been interested in knowing that all the delivery groups for this program met in Toronto, which was appropriate, and the minister was right in doing so. The process was in order to get feedback on the very points that are being raised about the communications, the lack of information and the gap between demand and expectation at Queen's Park. There were clear-cut recommendations to the minister with respect to that issue because of unusually high expectations.

Whether the minister chooses to react to those is not the point, but I do not think we should be suggesting that perhaps in some way the youth employment counselling centres are not doing their job or are unable to administer government policy. They are given clear guidelines and they must follow them.

On the point of communications, it was interesting to note that they anticipated getting additional client load, but they spent something like \$250,000 putting these brochures in liquor stores all across Ontario. Somehow, that was part of the rationale during estimates. They felt there was going to be such an increase in the client load in the YECCs all across this province.

Perhaps, for the auditor's benefit and the ministry's benefit, the solutions lie in working more closely with the YECCs, instead of a top-down type effort. That is what I have come to after having time with the auditor.

Mr. Pouliot: Ms. Carr, I am curious about a comment that you made in your opening statement. If I may quote: "In 1984, prior to the introduction of Futures, the youth unemployment rate was 14.9 per cent. Last year the average rate was 9.8 per cent." Why did you make that comment?

Ms. Carr: Those are the statistics that we received from the Ministry of Treasury and Economics with regard to the youth unemployment rates for those two years.

Mr. Pouliot: It is not used as a criterion to measure your success rate, is it? It probably is.

Ms. Carr: I would not attribute the drop in youth unemployment to the Futures program. I would not attribute the drop in adult unemployment to a specific program, whether it be federal or provincial. I think we know that the employment situation has improved tremendously overall in this province in the last few years, so we see youth benefiting from that overall improved employment situation in general.

But a number of the specific youth whom Futures is dealing with would still not be able to get jobs unless they did have some of the basic skills upgrading that they get through pre-employment preparation and other components of the Futures program.

Mr. Pouliot: Are you aware if the same statistics apply throughout the province? At the northern reserves, for instance, was there a significant drop in unemployment on account of the Futures program, or has it reached there?

Ms. Carr: We do have people from various more seriously disadvantaged groups participating in Futures. We have a particular emphasis to try to have young people in the north participating and so on. If you are interested in those kinds of statistics about Futures participants, perhaps I could ask Mr. Wolfson to speak to that.

Mr. Pouliot: I am very much interested in those kinds of statistics as they relate to our first Canadians.

Mr. Wolfson: I do not have readily at hand the unemployment rates for northern Ontario. We could provide that to you afterwards, if that would be desirable. I do know, however, that they too have fallen over the last couple of years. They are still higher than those in southern Ontario.

In terms of the Futures program, we have made special efforts to reach some of the remote and native communities in the province. We have, for instance, a special project, which we do through the native community branch of the Ministry of Citizenship, to try to bring the Futures program to some of the remote reserves. There are a number of other Futures offices in northern Ontario, particularly those from Confederation College of Applied Arts and Technology, that serve those groups.

I think we are trying to make the effort to reach those groups and I think we are doing that quite successfully.

Mr. Pouliot: On the same matter, how many applications were approved for northern reserves or on northern reserves?

Mr. Wolfson: I do not have that information readily at hand. I could try to provide that, however.

Mr. Chairman: Maybe you will provide it directly to Mr. Pouliot. It does not stem directly from the auditor's report.

Mr. Pouliot: In terms of the overallocation of funds, was this phenomenon occurring throughout the province?

Mr. Wolfson: Yes, that would have been pretty much throughout the province.

Mr. Pouliot: Thank you. In July 1986 an additional, I think, \$1 million was added to the budget to be targeted to northern communities. It was stated, "Our objective...is to find 2,000 additional jobs on top of the 5,000 approved already for northern Ontario." Was the objective realized?

Ms. Carr: If I could respond in general, that was not the Futures program; that was the Ontario summer employment program, which is not part of today's consideration. But we would be glad to provide that information to Mr. Pouliot, if he would like it. I do not have it with me.

Mr. Chairman: Mr. Pouliot, questions on the auditor's report?

Mr. Pouliot: No, just a comment, if I may. In conclusion, I too adhere to the philosophy that sometimes programs do indeed intertwine. They connect. With respect, he set the tone. Mr. Wolfson said in the reference that some problems are connected in terms of northern Ontario. You may have ministries like Citizenship and Culture; you also have Northern Development and Mines and so forth.

Mr. Dietsch: I just want to go back to my follow-up with the question to the auditor in respect to some of the line of questioning that took place this morning. Basically, do you have an overall feel for at what level an office might give the best value for the dollar that is spent in a particular office?

What really concerns me is if there is not enough client load between the guidelines that are in place, and we are going to rule out the client load that may fall just a bit on the fringe, the possibility is of getting less value for the dollar that is put into these particular offices. You can see the line of questioning I am coming at. Has that been an analogy that has been looked at in terms of what type of value you get out of the offices and what type of client load you need in the offices to make them worth their while?

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Ms. Carr: Mr. Chairman, may I ask for a slight clarification of the question? Is your question, if there is perhaps a dropoff in the client load with a particular office, do we change the criteria of eligibility to compensate for that? Is that what you are getting at?

Mr. Dietsch: Yes. Are the criteria flexible enough to bring in anyone that is on the fringe in order to get value out of the service?

Ms. Carr: I would like to make a general response. We do adhere to compliance with the age criteria; that is still the guideline we give to the delivery agents, that they must still comply with the eligibility criteria.

We have had some experiences with specific offices where the case load has dropped off. If I may, I will ask Mr. Wolfson to respond to that.

Mr. Chairman: Before you do, your answer then was no. Is that correct?

Ms. Carr: My answer--

Mr. Chairman: Or yes?

Ms. Carr: --is that we still adhere to the eligibility criteria.

Mr. Chairman: So your answer was yes. OK.

Mr. Wolfson: We have had certain instances in some communities where there has not been a sufficient case load to maintain an office on a full-time basis. In those circumstances, we will then operate something on a part-time basis.

As members are well aware, we have two delivery organizations that deliver Futures on our behalf, youth employment counselling centres and community colleges. There are some communities in the province where it does not seem appropriate that both be present and we have been able to get the two organizations to agree to jointly administer and offer the program. We do look at each individual circumstance and try to develop an appropriate delivery response in each case.

Ms. Martel: Mr. Chairman, I wanted to ask a question concerning the new program that was the part-time work and part-time school, and I am realizing that actually was not a part of what the auditor looked at. So I think I am going to have to pass on that.

Mr. Smith: I have particularly enjoyed this discussion this morning. Some of the remarks that have been made by the deputy minister I think I can understand a little bit from my own experience, having raised two teenagers and trying to raise a third. I think you are dealing with a group that are very changeable in their minds. From day to day you never know what they may decide to do. From the way you described the people that you are having to deal with, you have more problems, I suppose, because I can say my children have not given us too many problems. You have got another problem to deal with.

After two years have gone by, have you got enough stats with you or can you put enough stats together to find out whether this age group is broad enough, or do we have to go at this time with older young people? Is there still a need when they become 25, 26, and 27 and they are still quite normal young people? Do you have to raise this age bracket? Are you able to put stats together well enough to find that out or do you still think up to 25 is far enough for this type of a program to work?

Ms. Carr: I think that--

Mr. Chairman: If the deputy minister feels that is a policy question, she can answer accordingly.

Ms. Carr: I would be pleased just to give a very general answer. We are continuously looking at those very kinds of questions: how many people are dropping through the cracks, how many people need to be served and so on. I guess it is a question of what any one program, given its design for a particular group for a particular purpose, can do and whether or not we need to have other instruments and so on to deal with problems of other groups. We

are working with our colleagues in the Ministry of Education, for example, and the Ministry of Colleges and Universities to see what other things can be done for young people, whether they be 15 to 24 or older. If we find, in our assessments and in our experience with the Futures program, that there are other needs and we have identified what they are, then we will put forward the appropriate response.

Mr. Smith: Thank you, Mr. Chairman.

Mr. Ballinger: It seems that every time I have something to say, Mr. Jackson leaves. So sitting here patiently waiting, I want to make a couple of comments, as a member of this committee on the government side.

Mr. Chairman: They will be questions, I take it.

Mr. Ballinger: Yes. Everyone else has had a bit of preamble, so I want to give you a bit of preamble. I have been sitting here this morning and, quite honestly, I think the chair has been lenient. I think all members of this committee have been kind. Mr. Jackson started speaking at 10:35.

Mr. Cureatz: Speaking of Jackson, he is back.

Mr. Ballinger: Good. I am glad he is here.

Interjection: This is the Olympics here today.

Mr. Ballinger: This is the Olympics; you bet.

Mr. Cureatz: Ballinger is taking you on.

Mr. Jackson: Who? Bill?

Mr. Ballinger: Yes, Mr. Jackson, and it relates to your comment about the per diem rate.

Mr. Chairman: Will you ask the question?

Mr. Ballinger: I am going to ask the question, Mr. Chairman. I want a little latitude, please. Mr. Jackson, I would like to suggest to you that we have sat here as a committee this morning and you started at 10:35.

Mr. Chairman: I am sorry. You will address your questions through the chair either to the auditor or the deputy minister.

Mr. Ballinger: Then I will address my question to the deputy minister. During this process, we have sat here this morning from 10:35 until 11:15 listening to one member, with three supplementaries from various other members of the committee. Now all of us are here, and I am a member of the government side. I understand my responsibility, and it is called accountability. As a committee, we are accountable to the Legislature.

Mr. Cureatz: No, it is not. It is to do what you are told.

Mr. Jackson: Come on. You have a lot to learn.

Mr. Pouliot: When did you get accountable?

Mr. Ballinger: When our sole responsibility here is to make sure that the people of Ontario get the bang for the buck in terms of the program.

Mr. Jackson: We certainly agree that the minister has been banging people for that buck.

Mr. Ballinger: You see, that is really interesting, Mr. Chairman. I am trying to speak now, and here he is over here. I would love to have a good discussion.

Mr. Pouliot: The member could have been overserved last night.

Mr. Chairman: Mr. Ballinger, do you have a question?

Mr. Ballinger: I am working on it, Mr. Chairman. I am certainly attempting to work on my question.

My question relates to the fact that there are a couple of items in the auditor's report that I think are fundamental to what you are doing. One relates to the accountability in terms of how you keep track of what the program is doing. Could you just very succinctly give us some indication of what you are doing in the upcoming year to ensure that what has happened and has been exposed in the auditor's report will not happen again?

Mr. Chairman: I definitely heard a question. Would you please answer?

Ms. Carr: There are two issues. One is the accountability for the financial management, which I think I elaborated on in my statement. We have addressed specific issues raised by the Provincial Auditor in terms of our practice, our midyear reviews, in terms of negotiating the budgets with the Futures offices, and in terms of now, for 1988-89, requiring monthly reports on how much money they are spending and what they are spending the money on. We will have the opportunity to determine the cash flow to those Futures offices, based on those monthly reports.

We will also be incorporating in the budget allocation process for 1988-89 their track record in the previous two years on how much they have actually spent, how many clients they have served and so on, as well as the information they provide us with on what they anticipate in the upcoming year. That is on the financial accountability side.

With regard to the measures of the outcomes of the program and what happens to the clients who participate in Futures, we will continue to collect information on what happens to the participants when they exit from Futures and to do a follow-up review after three months to see where they are and what has happened to them at that point.

Mr. Chairman: Any further questions, Mr. Ballinger?

Mr. Ballinger: No, I am fine. I finally got it in.

Mr. Adams: I would like to go back to this business of control of the centres and this concern that I have of them becoming overbureaucratized if we are not careful, and how desirable it is that they be financially accountable but still remain independent.

I have been told by the Peterborough centre that there have been some initiatives, some self-help initiatives among the centres about this. There have been some conferences, I think, or something of this sort. I wonder if you could discuss that.

Ms. Carr: I would like to ask Mr. Wolfson, if I may, to respond on some of the conferences and seminars that have been organized.

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Mr. Wolfson: I guess there have been a couple of notable developments in the last year with regard to youth employment counselling centres, the most notable being the formation of an association of youth employment counselling centres. This is something which has really grown out of the efforts of the directors of youth employment counselling centres themselves, and the development that we have tried to foster in order to encourage these centres to work together across the province. They have now established themselves as an association. We have worked with them in that regard. The association has spent some considerable time working with and negotiating with the Counselling Foundation of Canada to undertake, over the next few years, a rather intensive series of professional development seminars for youth employment counselling centre staff. As I say, this is something that is really being managed by those centres in the field themselves.

In addition, we at the ministry sponsor on a regular basis professional development kinds of activities. There is an annual youth employment counselling centre conference and there are regional meetings at which staff get together to deal with the program delivery issues.

Mr. Adams: I find that very healthy because I do want it to be as professional as possible, but I do not want them to become simply adjuncts of your ministry. At conferences of that type, it seems to me such people, when they talk of professional development, think, as you indicated, of counselling and things like that. Obviously, that is what they are there to do, but the auditor has been talking about financial arrangements. Could I simply ask again, are you confident that the financial arrangements that come out of sessions of that sort, the financial expertise, if you like, are adequate?

Mr. Wolfson: Yes, I believe they indeed are. As I indicated earlier, we are working with the centres to ensure that they have the administrative and financial systems in place to permit them to manage their affairs effectively. Part of the professional development exercises that we undertake quite often have sessions for directors only--directors being, of course, the senior operating official for youth employment counselling centres--in that we deal with issues like strategic planning, for instance, where they have to develop their plans for next year.

Mr. Dietsch: What type of a follow-up do you do through the YECCs as far as a professional development approach goes?

Mr. Wolfson: I am not sure I understand the question in terms of follow-up.

Mr. Dietsch: In relationship to seminars, etc., so that they can better cope with the program.

Mr. Wolfson: We try to offer seminars and things of this sort directed at different levels within the organization. Some of them are directed at the clerical staff that have to provide the information base; some are at the front-line, delivery staff who are interacting with young people; and some are with the directors themselves who are the managers of the system.

Mr. Dietsch: Are the checks on those organizations, to make sure that the delivery of the service falls in line with the ministry programs, likewise followed up?

Mr. Wolfson: There are regular field visits by the staff of my branch to ensure that this is taking place.

Mr. Chairman: I did not hear an answer to Mr. Dietsch's question. He asked whether there was an evaluation of the professional development that was conducted, and I did not hear you answer that question.

Mr. Wolfson: I was not sure I heard that question being asked, but we do ask participants at the seminars to evaluate the effectiveness from their perspective, yes.

Mr. Chairman: So that it is a subjective evaluation?

Mr. Wolfson: Yes it is.

Mr. Adams: I would like to move to the overallocation point in the auditor's report. As I understand it, obviously this is a very new ministry and you are dealing in a very difficult area which, presumably, was not covered by Colleges and Universities or by Education in this province. Are there other provinces which have similar ministries?

Ms. Carr: The Ministry of Skills Development is unique in this country at this time. There is no other government department in any other province that has this particular configuration of responsibilities and that is devoted entirely to both the areas of youth employment and training and adult training.

Mr. Adams: In terms of governments in the country, which would be the government you work most closely with?

Ms. Carr: We work quite closely with the federal government because we have an interest in its provision of continuing financial support for training. We also work with all other provinces in terms of things they are doing in the whole area of human resource development and training. Other provinces, of course, have programs relating to both youth employment and training and adult retraining and so on. We are in touch frequently during the year with those other jurisdictions.

They may have ministries or departments of advanced education which would be comparable, for example, to our Ministry of Colleges and Universities or in some jurisdictions--Quebec and Manitoba come to mind--they have income maintenance together with manpower training functions.

Mr. Adams: In this area of dealing with manpower training and retraining, the federal government would be the major player.

Ms. Carr: Certainly, under the agreement the federal government has with each province in this country with regard to the provision of funding and

support for training, the federal government is indeed a major player, and through its Canadian Jobs Strategy.

Mr. Adams: I simply ask, with respect to this overallocation, these changes in the budget--the figure of \$4.4 million is mentioned and I think \$1 million was mentioned as far as the north was concerned and so on--given the fact that the federal government is such a large player in this field and the province has the new initiative, which in fact is your ministry, whether some of the changes in your budget have not been related to changes in the commitment of the federal government in this area, to which the provinces have to respond?

We on this committee looked at the Ontario health insurance plan, for example, and the federal contribution over a number of years has gone down from 50 per cent to 38 per cent, which is many billions of dollars. The transfers seem to change. Have you had to respond to changes in federal policy since the ministry was established?

Mr. Chairman: That is hardly related to the auditor's report.

Ms. Carr: Mr. Chairman, I would be prepared to respond to that question.

Mr. Adams: I say it is relevant because it might account for a sudden allocation of funds during the year to this ministry.

Mr. Chairman: I think the question is stretching. I would ask, as we do have some people on the list to deal with the auditor's report, that we keep our questions on the auditor's report.

Mr. Adams: Can I rephrase it, then? Have any of the overallocations been related to changes in federal government funding?

Ms. Carr: It is difficult for me to respond to that with a yes or a no. There have been cutbacks in the federal funding in the last three years for the whole training area and the province has put additional money into training for both youth employment and adult training. I cannot say that the issue identified by the Provincial Auditor in his report is directly related to federal cutbacks in funding for training.

Mr. Jackson: With respect to that last question, we were talking about the 1986 audit and perhaps the 1987 experience and it is worthy of note that the youth employment expenditures for all youth employment, not targeting in Futures alone, was reduced by \$23 million. In terms of any government's commitment, whether it be federal or provincial, it should be noted that even though there were transfers of payments noted by the auditor, there was in fact underspending in terms of the whole ministry's commitment to youth employment in that area.

I know you were not moving in that direction but, eventually, you would have come to that.

Mr. Adams: Thank you. I appreciate the advice.

Mr. Jackson: However--as the chair has not ruled against discussing the relationship of the federal government or other provinces in terms of the auditor's report, could I ask the deputy minister--it is my understanding that you deal with several ministries federally, but one is with Jean Charest, the

Minister of State (Youth). In fact, during late 1986 and early 1987, which is the period which the auditor's report addresses, he met with all the delivery mechanisms for youth unemployment problems across Canada. I believe you were with the ministry but not in your current capacity as deputy minister.

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It is my understanding that the federal government suggested that for the kinds of dollars it was directing to Ontario to address youth employment, it had envisaged looking at a package whereby all unemployed youth--and I am getting to the point that my colleague from the north in the official opposition indicated about the acceptability of an almost 10 per cent unemployment rate.

They came to this government, your ministry in particular, with a proposal that all young people in Ontario would be in school, on a training program, in a work situation or doing volunteer work, so the notion of unemployment, being at home or not in some form of productivity, would be eliminated. That program has been received with certain favour among virtually every province in this country, but in Ontario we indicated as a policy statement that we were only interested in the dollars coming from Ottawa. Are you familiar with those discussions with your predecessor on behalf of your ministry?

Mr. Chairman: Mr. Jackson, I cautioned other people. A caution from the chair is a warning that a ruling is about to come down if people pursue matters that are not related to the auditor's report, and I think that is not directly related to the auditor's report.

Mr. Jackson: It was more like a supplementary to the previous question about the relationship with the feds.

Mr. Chairman: And I suggested to the previous questioner that he was not in order.

Mr. Jackson: I sense some uneasiness with the deputy to respond to it. However, could I then ask the general question about reconciling the youth unemployment figures dropping and the financial commitments towards the unemployment problem for youth in this province? Is there a correlation in your spending patterns?

Ms. Carr: As I mentioned earlier, the youth unemployment rate has improved, for which we are all thankful. I do not necessarily attribute, as I mentioned to Mr. Pouliot, that this is all due to people going through the Futures program. The unemployment situation has improved considerably across the province in general. Certainly, the Futures offices tell us in a number of cases that young people are able to obtain employment without the benefit of Futures experience. We do have a considerable drop in the intake now from what it was a year or two years ago and are therefore spending less money on the Futures program, because fewer people in the youth category are unemployed.

Mr. Jackson: That confirms what you indicated during estimates, when you said one of the reasons for the \$23-million underexpenditure in this program area was that, because the unemployment rate was dropping, there was not as much of a need to spend those dollars.

Ms. Carr: That is correct.

Mr. Jackson: I just wanted committee members to benefit from that. Thank you.

Mr. Ballinger: It has been a very enlightening morning.

Miss Martel: I want to return to the question of success, even though the other committee members do not like it, and I just want to relate to you our particular success story in our office. We are working with our third Futures student at this point in our constituency office. I think I am a pretty lenient employer and it is a fairly good place to work.

Our first student went through the program with us. The only stipulation on her was that she finish one course to have her grade 12 before she continued with her second four months. She moved to the second employer, had not finished her schooling and was asked to leave the program. That was our first student.

Our second came in and did the four months with us, went to another employer for four months, did not like that as well, left that, went back to waitressing for a month, dropped out and is back on social assistance. We are on our third student, and our first student is back on social assistance again.

I have some difficulty in how we are looking at a 70 per cent success rate when we have had three, and two of them are not gainfully employed and are not back in school, and I think we gave them a pretty fair shake.

I would like to ask if the ministry is going to look at some other criteria for defining success in this program because I really do not think it is meeting the needs of students out there, I do not think it is giving them any opportunity to find a long-term permanent job and I do not think they are developing the skills they need to realistically make a stand in this world and have some future employment. I am wondering if you are going to look seriously at changing the criteria, maybe move away from just moving to another employer three months afterwards.

Ms. Carr: We are always concerned when we hear of these experiences where people again end up on social assistance and have not been able to find either full-time employment or the opportunity to upgrade their academic capabilities and enhance their opportunities. There are many more employers who have success stories to tell us and who do result in hiring these young people on a full-time and regular basis. I think that is borne out in our evaluation methods.

There is no doubt that this particular program, since it is dealing with people who are having trouble developing an attachment to the workforce in the first place or who are lacking fundamental basic skills to enable them to participate, is dealing with a very difficult group and that many interventions and many kinds of support and encouragement for these young people are needed. That is why we allow them to come back in to try placements with different employers and so on. We do not want to give up on any of these young people and turn down somebody who may be very much in need. They do have the opportunity to come back and participate again if their experience has not been satisfactory or worked out.

Miss Martel: I am not questioning the ministry's commitment to what it is trying to do. I can appreciate that. I am questioning how we determine whether this project is indeed a success. For the amount of money that is going into it, and that we are using a 70 per cent success rate when we have

no idea where a lot of these kids are going after three months and if indeed they are any better off, I do not know if that is the way we are going to determine criteria if that is proper and if it is a success story.

I am suggesting there has to be a better way of evaluating beyond a three-month period, in looking at who their employer is and what kind of skills they are getting and whether they are going to be staying in the workforce after that three-month period, when you lose touch of them.

Mr. Chairman: Seeing no further questions, I want to thank the deputy minister and her staff for appearing. This afternoon we will be dealing with section 4.12, and that deals with two items which may well take a considerable amount of time. There is the telecommunications project and there is the office of the chief coroner. I will be separating them for discussion. If you have some time to look through the briefing notes over lunch-hour, to refresh yourself, it would be most worthwhile. Unless the questions are very focused this afternoon, we may well be having dinner together. I trust that the members will bear that in mind.

Mr. Ballinger: Are you buying, Mr. Chairman?

Mr. Chairman: The clerk will buy but it will be taken off your per diem.

The committee recessed at 11:50 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF THE SOLICITOR GENERAL

TUESDAY, FEBRUARY 23, 1988

Afternoon Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Ministry of the Solicitor General:

Takach, John D., Deputy Solicitor General
Gibson, Earl F., Chief Superintendent, Ontario Provincial Police; Acting
General Manager, OPP Telecommunications Project
Mailer, David W., Director, Internal Audit Branch
Bennett, Dr. Ross, Chief Coroner

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, February 23, 1988

The committee resumed at 2:05 p.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF THE SOLICITOR GENERAL

Mr. Chairman: I am going to recognize a quorum since we have members from each of the three parties here.

We have John Takach, the Deputy Solicitor General--Mr. Takach, I think a number of people know you, but perhaps you would just wave--Dean Paquette, Assistant Deputy Solicitor General, public safety division; Lorne Edwards, executive director, program resources division; Robert Fletcher, director, information technology services branch, at the back; Dr. Ross C. Bennett, chief coroner; and Earl Gibson, acting general manager, Ontario Provincial Police telecommunications project.

Since we have two matters before us, I would like to ask the committee to deal with them separately and deal first with the telecommunications project. If we are able to complete only that by 4:30, since the deputy minister has to leave for another important engagement, then we can hold over until another time the chief coroner's matter. I am hoping we will try our best, by being very focused in our questions, to get through both items today. The Deputy Solicitor General has a statement to make, and I am going to ask Mr. Takach if he would commence his remarks.

Mr. Takach: I would also like to introduce the director of our internal audit branch, David Mailer, who is also with us in the first row.

Mr. Chairman: Mr. Mailer, if at any time you are called, simply go to the nearest microphone. Feel free to call anyone else in the audience from your staff, Mr. Takach, if you feel he can shed some light on this matter.

Mr. Takach: As the deputy minister, I would like to elaborate on certain of the issues the Provincial Auditor raised and also to bring you up to date on the progress made since we responded to the Provincial Auditor's draft last fall.

I would first like to deal with the telecommunications project. I think it hardly necessary for me to do so, but I make two observations, which are indeed made within the Provincial Auditor's report, vis-à-vis the telecommunications project. First of all, the audit was to update the status or the progress we had made with respect to the telecommunications project and, second, it was to review the adequacy of controls in place to monitor our project contracts.

I would like to turn to the second item at the outset and point out, if I may do so, that the Provincial Auditor concluded that project management is satisfactorily monitoring existing contracts. This was a major item of concern to the Management Board of Cabinet in 1982; naturally, I am very pleased with that conclusion in the light of the concern in the early years.

I want to assure you and all members of the standing committee that the project reports regularly to the Solicitor General (Mrs. Smith) and myself, both by way of written material and by way of oral briefings. No major contracts are let without the in-depth involvement of myself and the minister. In addition to the internal reporting, the ministry was required to submit annual progress reports to Management Board. We submitted our report to Management Board in July 1987, and it was subsequently considered by the board thereafter.

Dealing with the issue of monitoring the status of the telecommunications project, you will have already noted that the Provincial Auditor referred to the completion--and I emphasize the word "completion"--of the project being "two years behind the implementation schedule submitted to Management Board in 1985."

I should point out that the implementation schedule referred to was indeed submitted to Management Board in October 1985. However, approval from Management Board was not forthcoming until early March 1986. The original submission in October 1985 contained a certain cash flow projection and also depicted a schedule showing the projected completion of the project in 1990.

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As you are aware already, the project did not receive approval until March 1986, some four and a half months following the original submission. During that time, the telecommunications project prepared a revised cash flow forecast which showed that the project would not be completed until 1991, rather than 1990, as had been submitted in October 1985.

In our view, it would have been preferable, and I say this with all due respect, to compare the implementation plan implicit in the March approval to our current schedule, rather than a comparison of the schedule as projected in October of 1985. I think implicit in this is the fact that a comparison of the approved March schedule plan results in a completion of the last district 13 months later than we had anticipated in March 1986, but the first district only seven months later than the plan that was approved by Management Board in March 1986. So there has indeed been some delay, but I do not think it is strictly accurate to say we are two years behind completion.

There are a couple of causes for the delay. The seven-month delay at the front end is attributable to the increased time we required to prepare and release the specification for the microwave system. Chief Superintendent Gibson can certainly expand on this at a later point if you choose, but this particular specification proved to be very complex and very time consuming. The procedure to be followed in setting the specification and the detail that was required simply took us longer than we anticipated.

The second reason for some delay in our project is that we think we were unduly optimistic at the outset in acquiring tower facilities for the two northwestern districts. We had highlighted that in our Management Board submission. Although there has been some delay, we think it is not inordinate and that things have proceeded basically on schedule.

The Provincial Auditor's report pointed out the fact that the Provincial Auditor felt there were three types of additional costs that would have to be incurred as a result of the delay that did exist. The first item related to the cost of changing equipment delivery dates. It was felt there was a

significant cost to be associated with that, I think in the vicinity of \$900,000. The second item was with respect to the cost of storing equipment that had already been delivered. There was a third item, which was an estimate of loss of interest on funds tied up in equipment waiting to be installed.

I want to point out that the first two items are not in addition to the project's approved budget of \$106.9 million in 1985 funds. These funds, in other words, the cost of changing equipment delivery dates and the cost of storing equipment, were identified and estimated by the project team and were included in the total estimate to complete the system that was approved by Management Board of Cabinet on March 4, 1986. So these funds are not additional funds. They are funds that were in fact approved by the board, and we forecast that the need for the funds would arise.

The item with respect to the loss of interest is a little different. I guess the only thing I can say there is that in any large project involving payments as we go along or payments on work in progress, there is a cost for financing before the equipment or facilities can be utilized. To that extent, there is some loss therein. But again I point out, and it is not unfair to do so, that the Provincial Auditor acknowledged the ministry's contention that this amount could well be offset by savings from prices fixed contractually way back in 1982.

No one is more concerned about the project than I am. I became deputy minister in the fall of 1985, and the track record of the project in the years previous to that was very quickly brought to my attention. I am most concerned, not just about delays but about the project as a whole--the financing of the project, the scheduling of the project and the ultimate success of the project.

I am fully confident that the project is well managed. It is basically on schedule. I have had great support from the project managers and the general manager of the project, Chief Superintendent Earl Gibson. I honestly believe we have moved the project forward as much as humanly possible. At the same time, we have established internal mechanisms and structures for accountability, monitoring the project, ensuring that we make the best possible progress and that the project continues to be well managed and taken care of.

I would like to illustrate, if I might, some of the important happenings to this date with respect to the project so that you will have a more current understanding of where we stand at the present time. We have completed or are in the final stages of completing contracts for about 70 per cent of the projected costs of the new system. The major events since even the audit are:

Management Board approval of our first annual progress report;

Our approval in principle from the federal government, namely, the federal Department of Communications, to implement an owned microwave link system. This was an important step for us.

We placed an order with Motorola in June 1986 to satisfy additional user requirements. That order is proceeding well and is scheduled for completion in the not-too-distant future.

We have awarded a contract, after the appropriate tendering process procedures, of over \$11 million for the supply of remote site buildings required for the project around the province.

We are now in the final stages of awarding a contract for the supply of the microwave linking system. The value of this contract, even though it is not desirable to be specific about it at this time, for obvious reasons, represents over one quarter of the total project budget.

Again, I really want to emphasize our commitment to the implementation of the project as soon as possible and, most important, within budget.

Mr. Chairman: Thank you. The rest of your statement deals with the coroner's matter, and we have tabled that until later. It is by no means a dead issue, and we will raise it again. In the meantime, we will just deal with this particular matter.

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Mr. Pouliot: Mr. Takach, I have a few brief questions, but permit me, Mr. Chairman, with the highest of respect, to indulge in a brief prelude. I promise not to be too long. I have a problem with some credibility here, that on the one hand I have the distinguished representative from the ministry telling us--and I can quote verbatim on some of the qualities attached to the project--it is basically on schedule and we remain confident.

I am not asking you, but by way of a comment, if you were in my shoes, you would have to work very hard at not being sceptical, at not becoming cynical. What we have here are tales of Houdini, a situation which represents the government at its worst. In Montreal, and I think the analogy or the parallel is somewhat valid, it culminated in building an Olympic stadium.

In January 1980 the Management Board of Cabinet approved some \$24.5 million to replace, rightly so, a system that has been deemed to be archaic, obsolete. It no longer served a need. We are now in 1988, some eight years later and some \$75 million later. This resembles a comical situation except it turns tragic because we are dealing with taxpayers' money. You are talking about a proposed date of 1991, but I do not sense, with respect, that the sincerity applies. It is not your fault, but collectively no one seems to know when this project will give birth or take place.

By way of question, could your ministry, therefore, provide a detailed budget and schedule for the remaining project?

Mr. Takach: We do have a detailed sort of budget and schedule, a schedule in particular, and I can certainly turn it over to the general manager to speak more specifically about the schedule. Our first district will come into the project in the fall of this year. Can I just correct you: it is in 1992, not 1991 that we now contemplate completing the program.

Mr. Pouliot: What assurance can the ministry give the committee--

Mr. Chairman: I am sorry, does Mr. Gibson wish to add something to Mr. Pouliot's first question?

Mr. Gibson: Just amplifying what the deputy minister has said, the assurance that we could give is that we, in fact, have contracts in existence. Each one of the contracts that were awarded has those implementation dates attached to it, and we would expect the contractor to perform in accordance with those schedules.

Mr. Pouliot: On the subject of assurance, what assurance can you give the committee that the cost will not exceed or surpass \$107 million?

Mr. Gibson: Each one of the contracts that we award we check it against our estimates and the estimates included in the \$106.9 million, so before we award a contract, we check it against our budget and we have awarded only contracts that are within our budget.

Mr. Pouliot: The track record speaks for itself. Thank you. Do you see any obstacle that might either jeopardize or delay the project? I am talking in terms of 1992 now to, let us say, the mid 1990s. You have talked briefly about location in the northwestern district. I am from the northwest district and, no, Mr. Gibson, I do not have a car in Toronto. It gives me latitude. Do you see any more obstacles that might further delay the project?

Mr. Takach: Certainly, we do not see any at this particular time, but on the other hand there are certain factors that are beyond our control. For example, a management-labour situation, and if a particular industry were to go on strike, for whatever period of time that a strike might exist, there would be a delay, but basically from our perspective, there will be no delays on our account and we will perform our task in accordance with the schedule we have planned out.

Mr. Pouliot: One final question. When the project is completed, how long do you feel it will serve the needs of the Ontario Provincial Police?

Mr. Takach: That is always a difficult question when you are talking about rapidly changing technologies, but there is no question in our mind that this project will serve the OPP well into the foreseeable future, into the 15- or 20-year period.

Mr. Pouliot: Will other ministries benefit from the program?

Mr. Takach: We are exploring discussions with other ministries whereby they might utilize, for example, some of our tower facilities.

Mr. Cureatz: I had the opportunity of serving with the Solicitor General's office briefly after being Deputy Speaker and I had not the occasion to run across this project, but I guess at that time it was in its planning stage, in 1983-1984.

I want to tell you that, no matter what capacity I have had here at Queen's Park, I have always been supportive of the Solicitor General's office and the Ontario Provincial Police. By that token, I could put on a great show of ranting and raving as I have done in the Legislature from time to time, but that serves no purpose. We are here to try to accomplish one or two things.

Without reviewing the whole history, several things strike me. You alluded to the fact that I was concerned in terms of the serviceability of this project because of the change in technology, that possibly the ministry was sold a bill of goods in terms of the technology available then--which seemed like a good idea--but once you got into it, the continual demands of equipment was such that you got up to the thighs, up to the neck and then over your head. It is Minaki all over again, that kind of approach.

I was wondering, if you feel comfortable in answering, if the bill of goods was such at the time that you felt comfortable with it, but at this time you probably feel a little uncomfortable about it.

Mr. Takach: I understand fully the point of your question and it is one that, when I came into the ministry in the fall of 1985, troubled me,

being new to the ministry, new to the project, and very concerned that we had not committed ourselves to something from which there was no turning back, in terms of dollars and technology.

During the fall of 1985 and in the spring of 1986, I personally spent a great deal of time in causing it to be reviewed, not just the technology or the methodology that we had embarked on, but the methodology that was being used by police forces all over North America. More specifically, I was very concerned to know what other large police forces were using and to compare what we had proposed with what was going on elsewhere.

I can assure you that after we studied, and I personally looked at, other technologies from a nontechnical view, if I can put it that way, from a nontechnical perspective, more in terms of what those other radio systems could do, I was fully satisfied, as were our personnel in the ministry, that we had at that moment, and indeed at this moment, the most up-to-date system--how should I say it?--that desirable or optimum crossing of that point on the graph where the costs are measured against what the product will yield. We are fully confident that we were getting full value for our dollar, that it was an up-to-date technology and it was not something that was going to be obsolete in two, three, five or even more years.

There are certain components of this system, the technology of the system, the inherent design of the system is such that we are confident it is going to be able to adapt, even in the face of unforeseen changes in the future.

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I guess the short answer is no. It is an excellent point and one that certainly troubled me at the outset, but in light of what is taking place elsewhere, we think we have the state of the art and yet that we have not spent money on frills and accessories that are not needed.

Mr. Cureatz: Touching on that aspect, I remember serving on this committee in the late 1970s and you mentioned the frills of technology, reviewing TVOntario and two or three of those people employed with TVOntario. Then the new art was video recording machines, so they, at government expense, had a number of these machines at home. Their idea was that they had to record other shows so they could come back at night-time and watch them and compare them to what TVOntario was doing.

I am wondering, in terms again of the technology, if the officer on the beat or in the car is going to be well served with the implementation of this technology or is it going to be of such a category that, in reality, it would only be serviceable to a few officers who are in a particular line of work, whatever that is, I do not know, drug investigations or Interpol or something? Really, in terms of the value for the officer on the beat--and I am sure it was brought to his attention that over \$100 million is being spent on this kind of technology--how does that help him driving up and down the 401?

It would be easier, I think, to give the provincial police a bag of quarters and let them use a pay phone and phone around and see what is happening, as opposed to waiting for something like this, which as yet has made me feel a little uncomfortable as to its uses.

Is it going to make it a little easier for the officer out there? Is he going to feel a little more comfortable that he has the system?

Mr. Takach: He is going to feel a lot more comfortable. I guess I could make one general comment that even before I was on the scene--Earl can correct me--substantial work was done on something like a user need study. We spent a lot of time going around the province and determining from every manner of OPP officer what the problems in the current system were, what he or she would need, what the downsides of certain aspects were, what was frail, what was not frail.

I do not think I can do justice to the concern that we showed for getting, in the users' view, what was required. The OPP association was very, very concerned about the project. When I came in, I spent a lot of time with them personally assuring them about the status of the project and where we were going with it. So they are, in my view, completely comfortable with it.

The two major problems with our present system--and there are not just two major problems, there are a multitude of them, but I spent a lot of time in the north, so I sort of know what the problems of police officers are in the north. The major problem in the north was not being able to be reached or not being able to call for help from the police car.

I can remember my days in Sudbury, doing cases up in Gore Bay and Manitoulin Island. We would be working on the case at night and we would have to try to get one of the cars to come for our pickup or delivery. Miss Martel may be familiar with Gore Bay and Gordon's Lodge. You had to drive the car up the hill to try to get contact with another car that was five or seven miles away.

The major problem in the north is the blacked-out areas where you simply could not make communication, get contact, ask for assistance.

The major problem in the south was exactly the opposite. There are so many overlapping calls, so many overlapping transmissions, that one simply, especially in time of emergency, could not make contact with his or her own detachment in Metro. You can imagine the difficulty in competing between Downsview, St. Catharines, Port Credit and Burlington along the way. If you have ever listened to the police calls on even a moderately busy night, they are jumbled and overlapped, a real cause for concern for police officer security and a real cause for concern about not being able to get assistance.

Our design project will eliminate that type of problem, both the northern problem and the southern problem.

There is a whole host of other things it will do that our present system--which, as you know, came into being in 1947--does not do. It will enable us to have out-of-the-car communication. In other words, when an officer leaves the car, he will be able to take a remote or portable unit with him and use the car to relay the message back to the district dispatch centre. That is presently not feasible. It will also enable the Ontario Provincial Police to communicate with municipal police forces, and that is presently not possible.

I was involved in an inquest down in Woodstock a few years ago where that very fact, inability to communicate between municipal police and OPP, a joint sort of exercise, and the unavailability of a hand remote set so that officers posted in a particular area could communicate, contributed very largely to the loss of an officer's life.

There is a whole host of things like that, very significant, dramatic

improvements which I just scratched the surface of, that were explored with the individual police officer and the police association, and we are confident that they are completely comfortable with it and that it will not be something that benefits only a few.

Mr. Cureatz: I had the opportunity not only of serving as critic to the office of the Solicitor General but I know in my own riding I have encountered part of this transmission problem, and we are all waiting for something to happen out of Peterborough.

I know specifically that in Manvers township, the people in the south end have to phone Newcastle between nine and six o'clock, otherwise they have to phone Peterborough and they will send an officer out of Millbrook; the people in the middle part of the township phone Millbrook directly; the people at the north end of the township apparently have to phone Lindsay, which then gets in touch with Peterborough, which then dispatches an officer out of Millbrook.

I have been working away at this through various pieces of letter-writing back and forth, and it all seems to be hopeless at the moment. Are we confident that this problem may be unravelled on the implementation of this system?

Mr. Takach: Yes, sir, that is one of them.

Mr. Cureatz: Great, because I am going to get a copy of Hansard and send it to all my constituents and remind them about the thorough, in-depth questioning I have done of the Solicitor General's office and the commitment it has made to the people of my riding. They will be looking forward to that implementation. When do we anticipate the year?

Mr. Takach: I am not sure for Peterborough area. Earl, can you help us?

Mr. Gibson: I think we are looking at 1989.

Mr. Cureatz: That is not too far away. We will see.

One final question. You indicated that a member of the internal audit branch was present?

Mr. Takach: Yes. Mr. Mailer, the director of the branch.

Mr. Cureatz: I wonder if he might come forward so I could ask him a question.

Mr. Chairman: Would you please state your name?

Mr. Mailer: Dave Mailer, director of the internal audit branch of the Ministry of the Solicitor General.

Mr. Cureatz: I was wondering, as the project careered along its course like a four-man bobsled, would you periodically or regularly flag the file and say: "Wait a minute, fellas. What now?" What is the process in terms of your concern about the monetary expansion as opposed to that of the auditor, who got involved with it, or did you both have a rapport as to some concerns about the project?

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Mr. Mailer: Internal audit on audit-related matters reports directly to the Deputy Solicitor General and has done periodic audits on various contracts throughout the course of the project. Those reports have gone to the Deputy Solicitor General. The Provincial Auditor has had access to all those reports and utilizes them in compiling his report. I suspect, in part, that is how he reached the conclusion that the contracts were being adequately monitored.

Mr. Cureatz: So your job basically was to monitor, either regularly or periodically, whatever the time process was and then report. The decision in terms of the continuation of the project was partly based on the information that you had discerned from the expenditures taking place.

Mr. Mailer: Yes, I would say so. Dinkar Amrite may be able to confirm that. I think that is the case.

Mr. Pouliot: Along the same line, I represent an area which is 114,000 square miles. It is the size of West Germany. It covers about 28 per cent of the overall land mass in the province, and replacement of communications need not apply in Fort Severn. We measure things on a different scale in Kasabonika and Big Trout Lake. Actually, I should ask you what you are going to do with your 1947 system, because we would like to move it up north.

Along the same line, timetables are very established. If we are to look to the future with confidence, if it is needed down south--and there is no question it is--it becomes vital. There are some communities with 500 or more people that do not have one enforcement officer. In fact, they have seen your patrol once every now and then. Communications are indeed very important, in some cases, to survival.

I do not mean to catastrophize, but I have many horror stories. In one case, one elder was assaulted and it took two days to get someone. I am talking about a real case in Kasabonika. I brought the matter up in the House. It took two days for that person in his 70s to get the visit of an Ontario Provincial Police officer. That is one case and there are many. So when we are talking about communications, it is imperative that we get on with it.

Our frustrations are centred on delays, not so much as to what the real dollars mean. They are important as well, because the public purse has to be accounted for. It is the kind of service that everyone else has taken for granted for a long time--and why should they not?--but in our neck of the woods, we need it and, really, we need it yesterday. Time is of the essence. That is the point I wanted to make.

Mr. Adams: I am a government member. I think you perhaps should know that, because you may not be able to tell from my line of questioning. I also happen to be the member for Peterborough, which has been mentioned.

I have made some inquiries about this project and it seems to me we--the government--are very committed to it. On this idea of improved communication within the OPP, from the examples you have given and the examples Mr. Cureatz gave, we could all come up with the need. We are very much in favour of communications between the OPP and the allied forces.

But to be honest, in our briefing there is this litany of delays. Although some of them I could see as a political component, so I cannot deny there is a political responsibility there, it does sound like a bureaucratic nightmare, as though the project, which was very good in conception for which people see the need, simply got bogged down somewhere. I wonder if you care to comment on that.

Mr. Takach: I will certainly shed what light I can. As deputy minister, I know I represent a continuum. I am not going to hide behind the fact that I have been here for two and a half years, but I think it is fair to observe that in the last two and a half years we have not been bogged down. There is some delay. The reasons for the delay I have tried to address. I do not think it is like saying the project is two years behind. The last part of the project will finish 13 months later; the first part will start seven months later.

Other than that, we have made good progress in the last two and a half years. The one sort of difficult area was the microwave spec, which is very complex and with which even on the spec itself, quite apart from the specification, we had considerable dialogue as to the appropriate way that specification and compliance with such would be tendered. We are convinced that we have proceeded cautiously but nevertheless carefully and wisely. To some extent, that accounts for some portion of the delay.

Other than that, the project has moved in the last two to three years and really even beyond the last two and a half years. The project has moved, once it got out of difficulties that were encountered in the early 1980s. There were some difficulties. There is no question about it. There were some major design difficulties at the outset, which resulted in us grossly underestimating what was required to cover the province and, accordingly, underestimating the total final purchase price.

In about 1983, that started to get sorted out. It involved a substantial revisiting or sort of bogging down, if you like, with the appearance of no progress, but once that realization was encountered in the early 1980s, even though no progress was observed really until 1985 and 1986, the project has gone ahead steadily and surely; unfortunately, not with the speed that any of us would have liked, but such seems to be the nature of a gigantic, technical undertaking such as this.

I have given a rather long-winded answer, but I guess my answer is that I do not think we are bogged down now. I think we are making steady, sure progress to the future. We have a clear schedule for implementation. We have a clear schedule as to budget. As the chief superintendent pointed out a few moments ago, we are on budget. We have taken great pains to ensure that we keep on budget. We have let no contracts that are over budget and have every expectation that it will be brought in on budget, of course in 1985 dollars. In short, there were difficulties in the early years. We got those straightened away.

Notwithstanding the very understandable scepticism and concern, because I indeed had it myself when I became a part of the ministry. I want to assure you that I am confident we are going in the right direction. We are going at the appropriate speed and the taxpayer is getting absolute value for his or her dollar.

Mr. Adams: I can see why in a project like this you would be wary of undue haste, but now you think, bureaucratically anyway, avoiding changes in technology and so on, it is reasonably streamlined and you are going to move on it.

On the technology side, I have two observations. The first one is that, of course in this day and age, we certainly should not be facing the sort of problem you describe, should we? We do need the project. The other thing is, though, the lifetime of this project, going through to completion, could not have been, I think, at a worse time from the point of view of the development of telecommunications technology. I wonder if you would just revisit what you were saying about the technology--I do understand it changes quickly and you do not know what is going to happen next year--the thought that has been put into the technology in terms of its being on the leading edge, as they say.

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Mr. Takach: Maybe the best way I can answer that is to talk about what my fear of obsolescence was at the outset. I guess that is the major fear of all of us. There is an analogy I used when talking to myself a couple of years ago--and Mr. Cureatz reminded me of it when he talked about videocassette recorders. You could buy a VCR today and then in a month it would be, in a sense, obsolete because there would be a newer, better model out. That is the fear we all have when we get into something so highly technical. But--assume the worst case--even though something comes out a month or two months in the home electronics industry or consumer market, even assuming something comes out, the product you have is not necessarily obsolete. It does not suffer from obsolescence.

We looked at this carefully. Basically, in our view, a system is obsolete when it can no longer meet and cannot be modified to meet user requirements or its component parts are not maintainable. That is basically the system we have today. We have a problem with parts. Mr. Pouliot asked what we are going to do with the old radios. I guess when we have our system fully implemented, we may have some kicking around, but right now we have a real problem in even maintaining the ones we have. We have to pool radios for scrap parts and that sort of thing. I have already illustrated why the present system cannot be modified to meet the current user requirements, i.e., flat spots, overcrowding.

We think our new system is protected against obsolescence for a number of reasons. First of all, all equipment we have bought to date is of the latest design and is in current production. Most of the system features are software-based and therefore are easier to adapt to than total hardware solutions if there is a change in the future.

We think in what we have designed, in consultation with the police community, including the police associations, as I mentioned, the present and foreseeable future requirements have been put into the system. For example, we have certain interfaces to accommodate other computer-based systems. We have the possibility of expandability of future sites and radio channels built in. We can expand our dispatch positions. Of course, all this is extra money down the line, if we so choose, but our system will accommodate both voice and data channels on the linking network.

I guess with these features we are comfortable with the fact that we will have parts for this system as we go along and that it will meet any foreseeable user requirement in the next 15 to 20 years.

Mr. Adams: I have one directly related question. A question was put about other users, and you mentioned other ministries. I can well imagine, when you are designing a system like this, how bogged down you could very quickly get by trying to incorporate other users into your system. I am sure you have had problems with other forces and, by the way, with various regions in your own system.

Mr. Takach: Yes.

Mr. Adams: You mentioned these interfaces. Is the approach you are taking essentially to set up a system, which will obviously serve the needs you have in mind, but which will allow the sort of piggybacking or interfacing of other groups, such as other ministries, or any other group?

Mr. Takach: Yes, not so much with respect to the equipment in the car but with respect to some of our major hardware products, such as communications towers. For example, 126 antenna accommodations were possibilities after four ministries at 82 project sites were contemplated. There are 13 antenna accommodations for nongovernment agencies--for example, the Royal Canadian Mounted Police, the London police, etc.--as a contribution to the existing spirit of co-operation among certain police forces.

That is an area we are exploring, but your initial comment was a very perceptive one because every time you stop to sort of ensure that some part of your system is as broadly shareable as possible then you are off into sort of a little excursion which can detract from the main object of the project. We have had occasion to talk about this in the not-too-distant past at meetings with the general manager, the minister and myself.

It is a matter of making sure that shared facilities are available, but at the same time, putting some onus on those who wish to share them to assist in the developing of the technology for sharing--

Mr. Adams: Take your antennae, for example. Even when you have your system in place, someone may come along and ask, "Can we use it?" They may well be able to use those antennae. Without your own people being aware of it, they would simply be tied into it and benefiting from your investment.

Mr. Takach: We would be aware of it, but we would make them sort of do the work on it.

Mr. Adams: I understand.

Miss Martel: I want to add to some of the comments by my colleagues, first off. I guess this is the third time tyou have appeared before this committee--not you gentlemen, in particular, but the ministry itself--since 1980. I guess that is a track record that is about the same as the Liquor Licence Board of Ontario. That worries me because I must think that we will probably see you again in 1989 when the costs have increased and the delays have continued. I am not sure if there is an end in sight, so I am cynical. I recognize the need for it, but given a track record, I have to wonder if there is an end in sight.

I want to open the line of questioning by noting that you have said you have received Management Board approval for your first annual progress report. When this whole idea was conceived in January 1980, was there never a timetable set on this project? How is it we are only looking at an annual progress report eight years after the fact? Was any type of guideline set out?

Mr. Takach: I cannot answer that specifically, except to say I do not think I am aware of any requirement in the past to do a sort of annual report. It may have been that there were specific requirements by the board to report as of a certain date on the progress of a certain facet of it, but I think this is the first time we have been required to do an annual report. Is that basically accurate?

Mr. Gibson: That is correct. It was one of the conditions of our approval by Management Board in March 1986 that we file an annual report, starting on May 31, 1987.

Miss Martel: Can you tell the committee what the Management Board is asking for in this type of report. What are they looking at? How far your contracts are going? Are we on schedule? Are there any anticipated delays that we should be aware of?

Mr. Gibson: All of those things.

Miss Martel: At this time, we are looking at completing some time in 1992. Do you have any idea from Management Board at this point that if we run into further delays, funding is going to be extended?

Mr. Gibson: We feel we have a process in place by which we are going to be able to meet our schedule and, therefore, it is not something we do have to address.

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Miss Martel: I guess I am a little concerned because the project has never been on time yet and I can see your coming back to Management Board yet again for further funding. Are there alternatives if there are delays that are incurred in the project as we continue? We talked a little bit earlier about labour problems, etc. Are there any alternatives in mind at the ministry if we run into that type of problem, which will then cause a funding problem?

Mr. Gibson: We have some cushion or some slack time in terms of actual full implementation as we move into years 3 and 4. The controlling factor there is the building of towers. Towers can only be built, really, in the summer months, so there is some off-season that really amounts to some slack, and we feel that is an adequate cushion to look after any unforeseen delays. The 1992 completion date, in our mind, is a very firm one.

Mr. Takach: Could I just observe that, again, we all understand fully the concern you are expressing but, in fairness, we have never been this far along in the project before. It is not a question of three years ago, four years ago, having been at this stage and then having to go back and re-do it. We are just about at what I regard as--the chief superintendent will correct me--the final stage or final phase of the project.

After our next major contract is let, we are virtually at our implementation phase, where a substantial part of the project is in the control--I am putting it the wrong way; I do not want to say control--of the individual contractors, in the sense that we have binding agreements with these individual contractors for specific things to be done at a specific price within a specific time period. Default on their part, even though it reflects on us, will be very substantially their responsibility, and if and when there is any default, be it through strike, labour difficulties or otherwise, we will take whatever action is necessary to ensure that we proceed, having regard to all the circumstances, as quickly as we can.

We are fully confident with the quality of the individuals who have entered into arrangements with us. They are good, sound organizations. We have had competitive tenders on all the process and we have full confidence in those organizations being able to do what they have undertaken to do. When the chief superintendent says that, notwithstanding some cushion building, we do not foresee those difficulties, I think that is why we do not foresee them. We have never been this far along before. We are not at a primary stage. We are getting towards the final phase.

Mr. Chairman: I am sure you can appreciate why the members of the committee might be sceptical. In 1980, you said 1983 for completion; in 1984, you said 1987; in 1985, you said 1990; and now in 1988, you are saying 1992. The history is somewhat checkered in being further and further in the future.

Mr. Takach: I understand that fully, and I can only answer that by what I have said about the schedules and by what I have said about what we have accomplished. It is not as if nothing has happened in the last two or three years.

Mr. Dietsch: I would like to follow along the same lines and, I guess, put it in perspective the way I see it. I recognize that the program was initiated in 1977, in fact. Each year, as has been previously stated, there has been an extensive litany of reports. It was not until the time that the deputy minister came into being that there started to be some changes and some constructive approach to this particular project. It went through a good eight years before--I suppose I could attach it to the change in government as well--there was finally some action in respect of this particular project. That, quite frankly, is indicated in terms of the last Management Board in 1986 having an ongoing report coming forward, an annual progress report.

I guess having led into it that way, I would like to ask in relation to the contingency that relates to the expense of the project, is there adequate contingency built in, as it relates to the project, that can offset some of that ongoing cost encountered through the continual amounts of delay previous to your coming into the ministry?

Mr. Takach: I think there is. For obvious reasons I should not be too specific about that because there are still contracts to be let. That was taken into account in the original budget estimate, taken into account with Management Board.

The other thing to remember is that we are talking about a project that was approved by the board in 1985 dollars. So the contingencies that arise from inflation or cost of living are taken care of that way. There is a way to adjust that and that is continually monitored by Management Board.

Mr. Dietsch: So inasmuch as we may have scepticism and reservations with respect to the previous operation and how it all came about, as I understand your answers, just so that I understand it in my way of thinking, you have now let firm contracts that are going to see that this project is in fact going to fall into line and will follow the direct time line that you have outlined.

Mr. Takach: That is correct.

Mr. Chairman: I have two questions stemming from your statement. The first is on page 2. You state that the seven-month delay at the front end is attributed to increased time to prepare and release the specifications for the

microwave system. You took a great deal of time in the preparation of your implementation report. Why would the specifications not be done as part of that time frame?

Mr. Takach: Perhaps I could call on Chief Superintendent Gibson, who is a little more familiar with the technical aspects of the specifications.

Mr. Gibson: Our project was almost totally committed to preparing the implementation alternatives report, particularly between the time we tendered the first application in October 1985 and when we received the approval in 1986. Certainly, as one of the line managers there on the project, I was totally involved in supporting that application. We simply did not have the personnel to run two streams; in other words, to prepare the specifications for the microwave and other specifications that ought to be released once and if we received an approval. We did not have sufficient personnel to run two streams.

Mr. Chairman: The specifications would not have been necessary to prepare a meaningful implementation report?

Mr. Gibson: No. We had done sufficient preliminary design, and that was something that had been lacking back in 1980 when the original approval was sought. We had done sufficient preliminary design and sufficient estimating in order to put forward a realistic application for funding, but we did not need to have the specifications.

Mr. Chairman: I want to take you to page 3, in which you say that the Provincial Auditor's report indicates three types of additional costs you have incurred as a result of the two-year delay. One is the \$900,000 cost, another is the \$600,000 cost and the third is a \$2-million cost. You go on to say that the cost of items (a) and (b), namely the \$900,000 and the \$600,000, are not in addition to the project's approved budget of \$106.9 million, and that these in fact were identified by the project and were included in the total estimate to complete the system that was approved by Management Board in 1986.

Given that the project was scheduled for completion in 1990 and that the project accommodates completion in 1992, does this not suggest that the \$107-million budget was substantially inflated in the first place, if you can bury that \$900,000 and that \$600,000 into it two years later?

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Mr. Takach: I do not think so, sir, because I regard it as some efficient management in being able to forecast where we would have expenditures in the future. Both of these items were not built in as a cushion but were tagged specifically in the area of storage and fluctuating delivery dates. It was our view that, for one reason or another, those specific costs should be built in, and we did that openly at the outset with the board.

Mr. Chairman: So you built in a substantial inflation cost in your first budget.

Mr. Takach: I do not know whether it is appropriate to characterize it as inflation, just additional costs associated with the progress of the project.

Mr. Chairman: It was a cost of \$1.5 million.

Mr. Takach: Yes.

Mr. Chairman: A lot of money. Any further questions?

Miss Martel: Concerning your first question about the approval for the microwave link system, I am not sure I understand this, so please correct me if I am wrong. Where would we have been had not the federal department given you approval to have the microwave system?

Mr. Gibson: We would have been in great difficulty. We needed that approval to operate the system, but at the time we submitted our report to Management Board, we had reasonable assurances from the Department of Communications that if we provided additional information to support our letter of intent, we would receive an approval in principle. We have satisfied ourselves that it was a reasonable basis to proceed on. Of course, in retrospect that has proven true. We now have approval in principle, as we expected we would get.

Miss Martel: When did you make application for that, the first time, to the feds?

Mr. Gibson: I cannot be any more specific than that it had been done prior to February 1983, when I joined the project.

Miss Martel: When did you receive the approval?

Mr. Gibson: In the summer of 1987.

Miss Martel: You had no idea until about what time that you were actually going to get approval for this whole thing to get off the ground?

Mr. Gibson: It is not fair to say that we had no idea that we were going to get an approval. There was an issue of whether we would have an owned link system or whether it would be a leased link system. That is what the alternatives part was addressing, whether it should be an owned or a leased system. It was only once the decision was made in March 1986 that we would have an owned system that we would follow through to file the additional information in support of our letter of intent in order to get approval in principle.

Miss Nicholas: This is my first time dealing with this, and I gather a number of the other committee members have been laden with this over a number of years, as your ministry has.

Mr. Chairman: Only two of us.

Interjection: Only Ed is that old.

Mr. Pouliot: You will get another chance at it, Cindy.

Miss Nicholas: I am sure I will.

Mr. Chairman: Only Ed has been elected five times.

Miss Nicholas: Is this an interjection? I am having a rare train of thought here.

Mr. Chairman: Would members of the committee, and the chairman, stop interrupting Miss Nicholas.

Miss Nicholas: Various members have pointed out the need for this in their various communities, such as Peterborough and Gore Bay. I know from my own experiences in Gore Bay this would be needed. I think if we get it at this point, any system that we get would be an improvement on what is present and available at the current time.

I guess my concern is that perhaps my interest in computers has given me the idea that by the time you buy a computer, it is outdated the day you put it in your household, and there are always new gadgets. In fact, a year later you have to get a whole new computer totally because it is outdated. I guess I am looking at this and wondering if what you had envisioned in 1980 is what we are still envisioning today, because my interpretation would be that we have come a long way in our development in this area, and in our technology.

What I am concerned about is that, after all this change and all this increase in cost and all this delay, we are still getting the same bill of goods we had anticipated in 1973, or 1974, or 1980, when the first estimate came out. Are we getting an improved product for all this money and this delay? Is there an advantage to waiting until 1991 or 1992?

Mr. Takach: No. I think the basic technology that we started out through the microwave link system remains constant, but so far as improvements to the product, I guess I go back--I am not sure whether you were here at that point when I was talking about the user studies that we have done through the Ontario Provincial Police Association and through the individual police officers, in addition to the senior management of the force. In that sense, what we have built into the product with this constant technology would be better than if it had come to pass in 1980, because it would serve more the needs of the officers around the province.

The other thing, not to be repetitive, is that again, within the last two years, we very carefully looked at the types of police communications systems enjoyed by other jurisdictions, not just in Canada but in North America. One of the difficulties is trying to compare Ontario to any other jurisdiction. There are very few good comparisons, especially when you go to the border and you have different topography, geography and states are so much smaller. To compare it to any city such as Toronto or a large American city, you do not have the distances or the ranges to cover.

That difficulty aside, our comparisons and continual monitoring of the situation have not demonstrated that this system is obsolete or will be obsolete by any stretch of the imagination. It is as appropriate and current today as it was five or eight years ago. Earl, do you want to add anything to that?

Mr. Gibson: No, I think you covered it adequately.

Miss Nicholas: Your reading of the situation is that in four years from now it is only going to be outdated four years in terms of what we can anticipate? We have to go for all technology and change and we have a plan in place now. In four years we are only going to be four years off the mark, not 14 years off the mark?

Mr. Takach: We do not think we are going to be four years off the mark. We think we are still going to be on the mark and, to the extent that there is something new, we think that our present system and technology has the ability to adapt, with the net result that we are not off the mark.

Miss Nicholas: So that it should be current information. I guess my big concern was, when we finally do get this, it is not going to be of any use to us; it is going to be an improvement, because we have worked on it, but--

Mr. Takach: Your concern is very legitimate and your analogy about computers is excellent, because no sooner do you get the 3100 model than the 3200 model is out. We all experience that, it does not matter whether it is in VCRs, computers or anything. That is a major concern, but we think we are covered on it.

Mr. Chairman: Your \$107 million is in 1985 dollars. You have spent \$28 million so far, so those are dollars that are gone and you have the balance. Do you have it figured as to what the total cost will be by 1992, assuming that you complete on target?

Mr. Takach: In 1985 dollars?

Mr. Chairman: No. The total amount that you will have expended, taking into account the inflation cost up to 1992.

Mr. Takach: I do not have it handy. I think the short answer is no, we do not. Part of the difficulty is that, until we issue all the contracts, the cash-flow projection is difficult to ascertain at this point.

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Mr. Chairman: So you have \$79 million in 1985 dollars left. Even at a compounded inflation rate of five per cent, you are talking about quite a large sum of money by the time you have completed in 1992.

I do not have a calculator handy and I am not saying that you can simply do a compounding--

Mr. Takach: I take your point. It is correct. It will certainly be more in 1992 than it would have been in 1985.

Mr. Chairman: Seeing no further questioners on this matter, I am going to ask the auditor if he has any further comments or questions.

Mr. Archer: No. I think it has been adequately discussed.

Mr. Chairman: I would refer the deputy minister to page 5. Before you do that, Mr. Takach, perhaps you would tell whatever staff is not necessary for the coroner's section that we thank them for their presence. Unless they have some peculiar, sadistic need to stay, they may leave. If they enjoy our company, they may also stay. If you care to call other staff to accompany you at the witness stand, you may do so.

Would you like to continue? Is it by 4:30 that you must be out of here?

Mr. Takach: That would be very fine, thank you.

Mr. Chairman: We can skim right along. If it is necessary, we may have to call you back on this. Let us see what we can accomplish.

Mr. Takach: One of the other recommendations in the Provincial Auditor's report related to the use of full-time coroners. The recommendation specifically of the auditor was that the use of full-time coroners needs consideration.

To give a little background in this area which might be appropriate, in addition to the 400 licensed medical doctors in the province, there are 10 full-time medical practitioners who are employed as public servants to supervise the coroner system. As you know, there is a chief coroner, Dr. Ross Bennett, who now sits with me at the table, a deputy chief coroner and eight regional coroners.

In our response to the Provincial Auditor back in the fall, I indicated that we certainly were prepared to look again at the possibility of hiring more full-time coroners. We are presently engaged in reviewing that recommendation and looking at different options, particularly in the Metropolitan Toronto area.

We have done some preliminary work on the recommendation. I do not expect to be in a position to finalize our position or view on this matter until later this year, but I assure you it is being given every possible consideration.

I should mention that our coroners are paid a flat fee at the present of \$99 for each investigation they do. It is only when the coroner starts to preside at an inquest, at least at the present, that the \$65 per hour fee applies.

The Provincial Auditor addressed the issue of the coroner's selection process not being followed. As most of you are aware, there are 385 part-time coroners in the province. These part-time coroners are doctors who carry on their medical practice--I think all of them do--but they are all appointed by an order in council. In his report, Mr. Archer pointed out three cases where the normal selection process was apparently not followed. I would just like to say a word about the process.

As you are aware, section 3 of the Coroners Act provides authority for the appointment of coroners by the Lieutenant Governor. It need not be dwelt upon, but the Lieutenant Governor has the sole power to appoint coroners, even though officials of my ministry naturally have the power and, indeed, the obligation to make recommendations to the minister and eventually to the cabinet and the Lieutenant Governor as to who should or who should not, I suppose, be appointed.

To assist in such appointments, it has been our practice to have the chief coroner identify candidates who are interested in acting as coroners and to make recommendations depending on the individual or individuals concerned after a review of their qualifications.

The minister is not bound to follow these recommendations that we make, of course, nor is cabinet, nor, more specifically, the Lieutenant Governor, nor is there any obligation to restrict appointments of coroners to candidates who have been identified by ministry officials. Trite to say, ministers are entitled to make recommendations to cabinet as they see fit. We do have a process in place to help the minister identify whom should be appointed and, by and large, those recommendations are followed, but as I have said, the minister of the day may make those recommendations that he or she, in his or her wisdom, thinks are appropriate.

I would like to turn now to the issue of the coroners' computer system and, more specifically, the findings of the Provincial Auditor with respect to the duplication of programming in the coroners' system and the conversion of the system on the Ontario Provincial Police computer to microcomputers.

The cost of this conversion to February 1988 is approximately \$80,000. We project that the remaining \$60,000 of the \$140,000 conversion estimate will be sufficient to provide a microcomputer version of the system which will meet the needs of the coroner until our ministry's strategic information technology plan can be acquired and the ultimate system can be established on that technology base.

The system is now being used in head office and will be implemented in the regions over the coming months. One of the prime objectives of the ministry in proposing to use the OPP computer already in existence was to minimize the proliferation of the different types of technology in the ministry because of the high personnel costs associated with training and sustaining a high technology set of skills.

I am sure that anyone familiar with computers, even the microcomputers or personal computers, can well understand the need to have one common base, one common technology, from which to proceed.

In any event, we intended to proceed with this approach and we wanted to establish the coroners' system on the OPP tandem computer. Then it was our plan to convert the system to our strategic technology once it was selected, at the earliest opportunity.

We are still intent on establishing our strategic technology base upon which we will build all of our business systems, which are urgently needed, and our information technology branch staff is working with the staff of Management Board to accomplish this.

1530

Our info-tech plan was filed in July of this year, and it is from that plan that this strategy or this technology will flow. In due course, the coroners' computer system will be converted to this strategic technology, as will any other systems we have operating in the ministry at that time. Our microcomputers will be redeployed to alternative uses in the ministry.

To the point of criticism in the Provincial Auditor's report, we did attempt to develop our coroners' computer system based on the OPP computer technology. We kept Management Board informed and we dialogued with Management Board personnel during the developing of the system, using our in-house resources. When we had funds approved in the 1986 budget for the equipment for this system, it reinforced our belief that the use of the tandem computer or the OPP computer was being sanctioned at that stage by Management Board staff.

Also, in September 1986, we developed an MB20, which was placed on the Management Board agenda, recommending the use of the tandem computer. It was only after that time that the secretariat prescribed an alternative approach. It was then necessary for us to go back to the drawing board, so to speak, and the use of microcomputer technology was determined to be the best interim compromise to provide some service to the chief coroner and his office while at the same time meeting the objective of avoiding the multitude of types of technology within the ministry. Because the ministry's systems personnel have skills in microcomputers as well as the OPP computers, this will be accomplished.

Our coroners' computer system was not implemented in February 1987 as we had hoped without the need to reprogram or redesign the software, but it is

important to note that implementation in its revised form has commenced and the coroner's office is currently benefiting from the system at an earlier point in time than it would have if we had waited for Management Board to deal with our submission prior to commencing programming. This progress is significant for an issue which goes way back to 1971.

In short, the ministry did proceed aggressively with the development of the system without explicit Management Board approval, but again, with the knowledge of Management Board secretariat staff. I can assure you those decisions to proceed at that time seemed in the interest of progress, getting the job done and ensuring that we did not multiply the types of technology we had within the ministry. In any event, there was a certain cost associated with having to go back and redo our system, our software proposal or packages, but the matter is now well on line and we are fully confident we will have full implementation in the not-too-distant future.

Those are the items I wish to address. In closing, I realize I am fully accountable for what has taken place in the immediate past and the distant past and for those actions taken by the ministry. Mr. Chairman, I hope my answers today have helped somewhat to satisfy yourself and committee members that these actions we have taken were justified. We certainly welcome questions in this area as well as the other areas mentioned earlier.

Mr. Dietsch: In relationship to the appointments of coroners, is there a time frame involved with these appointments? Is there a review process? Is there a mechanism for reviewing the appointments?

Mr. Takach: At the present time, there is not. Appointments are made at the pleasure of the Lieutenant Governor, otherwise without a time period affixed.

Mr. Ballinger: You do not need to look so surprised, Gilles.

Mr. Takach: For example, an appointment for a coroner will not be made for two years or five years or whatever. It is made without any date on it, and if the Lieutenant Governor chooses for some reason to terminate that appointment, then of course he or she is free to do so.

Mr. Dietsch: Has that process been reviewed recently or is it part of a review that you would go through?

Mr. Takach: You mean the issue of fixing or not fixing a date to it? I do not know that I could honestly say it has been reviewed. The suggestion has been made that we look at whether or not it would be desirable to fix an expiration date to the order in council, but to this point it has not received an in-depth study.

Mr. Chairman: Mr. Pouliot has a supplementary.

Mr. Pouliot: With respect to "at the pleasure of the Lieutenant Governor," in terms of the nuts and bolts, we know he does not have the luxury of time to interview every candidate at some length and then make a decision, but in the process of recommendation, how do we arrive at the pleasure of the Lieutenant Governor? It resembles what we call an order in council, which really does not mean anything, but in the process to arrive at the pleasure of the Lieutenant Governor, how is it arrived at?

Mr. Takach: You are speaking about the selection process that we employ?

Mr. Pouliot: That is right.

Mr. Takach: Perhaps I could ask the chief coroner to address that issue. He is more familiar with it than I.

Dr. Bennett: When we recognize a need for a coroner, we send someone to that area, usually the regional coroner, to determine if there is someone who is available and suitable. He discusses the problem with the local coroners, with the chief of police, the district OPP commander and the administrator of the hospital to see if there is someone who can work within the system and be suitable. Once he establishes who it is, he interviews the person, obtains an application, if he is willing, submits the name and we submit it up through the ministry.

Mr. Pouliot: Therefore, the regional coroner identifies the potential candidate?

Dr. Bennett: Yes.

Mr. Dietsch: Just to follow up on that line, then they are appointed for life?

Dr. Bennett: Yes. Till the age of 70.

Mr. Dietsch: Life or the age of 70.

Mr. Pouliot: Whichever comes first.

Mr. Dietsch: Whichever comes first.

Mr. Ballinger: That lets you out, Dietsch.

Mr. Dietsch: I will never make it before I am 70, if that is what you mean.

Mr. Pouliot: You still have five years left for the Senate.

Mr. Dietsch: I would like to put forward a view for the deputy minister's consideration, and that is that I think those types of processes should be reviewed and looked at in terms of that particular aspect. I do not believe anyone should get an appointment for life without some type of an ongoing review.

Miss Martel: Before I continue on this line of questioning, I want to ask the chief coroner first, did you ever receive any explanation, either from the ministry itself or elsewhere, as to why the three people you recommended or the one you did not recommend actually ended up with appointments?

Dr. Bennett: No, not really. I just received information that these other two were chosen rather than the two we had submitted. Why I could not tell you.

Miss Martel: In terms of Lincoln Alexander making the choice, I think we all recognize that he will approve or disapprove depending on what he

is told. I do not think he has the option of saying, "I have a friend I would like to have in there, so forget it," but I do want to say I find it a little strange. It had to be someone in the ministry or another cabinet minister who would overturn that kind of decision or recommendation made by the coroner. Do you not think that undercuts the chief coroner and the regional coroners who are making those types of decisions locally?

Mr. Cureatz: Good question.

Mr. Takach: I do not think it--

Miss Martel: Hey, I like patronage, but give me a break.

Mr. Chairman: That has been asked for many years.

Mr. Cureatz: I never liked the answer when we were the government either.

1540

Mr. Takach: I think public service officials such as the chief coroner, the assistant deputy minister for public safety or myself have a responsibility, indeed an obligation, to ensure that we make recommendations to our minister about individuals who would be suitable to fulfil those important positions such as coroners' positions within the province, and we do take that obligation very seriously.

By the same token, I do not think any of us would suggest that the minister is bound to follow our recommendations or indeed in each and every instance consult with us on any specific appointment, notwithstanding the fact that the minister chose to recommend one or two individuals who were not initially recommended by the chief coroner. I do not think we can claim to have a monopoly of knowledge or a monopoly on the expertise in naming candidates to a specific position.

There are a number of ways that the minister can determine the sort of appropriateness of a candidate for a specific position other than through public servants. Certainly, that is an important way and perhaps the most important way, but ministers in cabinet as well have knowledge of people with expertise who may have escaped the attention or the sight of officials such as the chief coroner or myself.

I do think it is important that there be, by and large, a process and that, by and large, that process be followed, but I do not suggest that it by any means should be the exclusive process.

Miss Martel: Just by way of one more supplementary, you recognize that there are only 13 positions to be filled, so three positions become a fairly large number in that respect. I am just wondering how much you would be aware of it. How often does it happen that the recommendations made by the chief coroner would not be upheld and the people he recommended would not be appointed? I am just concerned. Are we getting the best qualified people to fill the positions?

Mr. Takach: Could I answer in this way and just say that we should not confuse the 10 full-time positions with the individuals the Provincial Auditor was speaking of?

Miss Martel: The 13.

Mr. Takach: The full-time positions are public service or government positions. They are filled by civil service competition. We send out notices and people apply for them. Different members of the public service, some from our ministry, some from the human resources secretariat may--I am not sure whether they sit on the panel, but there is a formal competition process. That is not the type of situation the Provincial Auditor was speaking of.

Those 10 are to be marked apart or separated from what I call the part-time coroners. That is perhaps not the exact terminology, but it is the doctors who are in practice in Sudbury, Belleville or Metropolitan Toronto who will carry on their practice and apply to do work as a coroner basically on an on-call basis. We are talking about three out of--what, 385 persons who were appointed other than through the process that the chief coroner described.

Certainly, in my tenure with the ministry, those are the only three I am aware of. Dr. Bennett has a longer corporate memory than I do.

Mr. Chairman: Could you explain those three cases found on pages 104 and 105?

Mr. Takach: The only thing I can say is that the minister of the day, I assume, had proposed to him three candidates in three different jurisdictions, and after making the inquiries that he deemed appropriate, recommended those individuals, with the result that they were subsequently approved by cabinet.

Mr. Chairman: But the auditor states that the regional coroner said a coroner was not needed in one of the areas, yet one was appointed.

Mr. Takach: Yes.

Mr. Chairman: You have no explanation about why that one was appointed, other than the fact that the minister wanted him?

Mr. Takach: That is correct. Carry on, Miss Martel.

Miss Martel: I will defer to Mr. Pouliot. Do you have a supplementary?

Mr. Pouliot: Not on the selection, but a new question on the use of full-time coroners.

Mr. Chairman: I have a supplementary from Mr. Cureatz.

Mr. Cureatz: I am interested, also, in the appointment of coroners. My first introduction was shortly after my first election when the then minister--and I cannot remember who it might have been; George Kerr, possibly--indicated to me in the House that they were in need, apparently, of a coroner out in the east part of Durham.

Mr. Ballinger: Did you apply?

Mr. Cureatz: As a matter of fact, if I looked at the pay schedule, I would not even bother. Strangely enough, as I asked around the medical community, no one wanted the job because it was very demanding, an awful lot of responsibility and the pay was not adequate. Who needs it? It struck me

from that time that the process was extremely bizarre, appointing a coroner's position, smacking of political patronage, albeit we were the government at one time and now it is the Liberals. It seems strange in that kind of position, dealing with death in the community, that it still has the smear of a politically appointed process.

I can distinguish that from something such as a deputy minister, where a particular government feels a particular deputy would more adequately reflect the concerns of the government in power as opposed to somebody else. With a coroner, I cannot see the possibility of a practitioner reflecting the concerns of a particular government in power.

I would feel much more comfortable if the auditor went even further. That process of appointing coroners should be totally re-examined so we do not have the present system, where various names and candidates are brought forward and then the Premier's office scurries around to see who has the best political pull for the appointment. I do not think this is the kind of job that adequately, in today's society, reflects what we are trying to do out there.

I believe it was in my community or just outside my riding where we did not have a coroner. A child was struck by a truck and was lying in the street. The police covered him over and we had to wait some bizarre length of time, four or five hours, until some coroner arrived from someplace to pronounce the child dead. The parents were in the house. It was a most upsetting situation. I got involved when one of the local doctors called me up and gave me heck, saying it was disgusting and what was I going to do about it. I felt like getting in touch with the parents, but they had not called me. I felt it was extremely sensitive and I might have just stirred it up more.

I have not run across a case similar to that since then. Possibly the coroner has.

Mr. Chairman: Your question is?

Mr. Cureatz: Would the ministry consider re-examining and making a proposal to the minister about the way coroners are appointed, so it is a more professional approach in terms of training, of getting interested practitioners to take on the responsibility for fair remuneration, as opposed to what I see is the typical cloak-and-dagger situation of political appointees?

Mr. Takach: I will certainly bring Mr. Cureatz's comments to the attention of the minister. The minister will be very interested, of course, in all the comments here on this or any other subject.

1550

I can say, however, that we have been striving--and I personally have been striving, because it is a particular interest of mine--to improve the lot of coroners, with respect to remuneration, with respect to the equipment they have to work with, the computer system, and with respect to training as well. The chief coroner is very concerned about the training aspect and holds at least yearly or half-yearly educational meetings for the coroners here in Toronto that help upgrade their skills in the forensic area.

Concerns that you have expressed on behalf of the public and on behalf of coroners do not fall on deaf ears. We are concerned about their lot,

concerned that there be sufficient members, concerned that they be well trained and concerned that they be adequately paid. We have taken some initiatives on that and been fairly successful in the last two years and are going even further this year in that regard.

I should say that my preference, and I am sure that of the minister, is to have too many coroners in an area rather than too few. Perhaps it might have been appropriate for me to observe, in answer to the chairman's question a few moments ago, that we do not have any set number of coroners in a specific area. The chief coroner has, in his mind, what is adequate to meet the demands of any specific area. But whether we have three coroners in an area or four coroners in an area, or for that matter 10, will not raise the amount of money the taxpayer must pay every year in respect of coroners' investigations, because they are on a fee-for-service basis.

As I am sure you are aware, an individual can be appointed and, to a certain extent, there is a levelling process that takes place, because if the members of the community--the police, other medical fraternity, those who come in contact with the coroners--have confidence in this individual, then he will be called more often than those who do not have the confidence of the law enforcement agencies and the medical fraternity. I am sure there are some coroners in the province who have orders in council outstanding who are used infrequently. There are some coroners in the province who are one of a number in a certain area and the number of times they are called may be very infrequent compared to certain other coroners in the area.

In fairness, I should say that whether you have four coroners in an area or three or five or seven, there is no real magic to it, provided that you have an adequate number to answer the needs you highlighted a moment ago, Mr. Cureatz.

Mr. Chairman: I would remind members of the committee that instead of dealing with what amounts to policy items with ministers, you do have a vehicle to make policy recommendations through our report. I hope Mr. Cureatz will keep some of his ideas for that time so that we can deal with them. You may well have some suggestions on how they should do that.

Mr. Cureatz: That certainly is one of them, because I disagree with the deputy in terms of the number of appointees. I am saying that kind of system is a little archaic for today's society. I think it should be more streamlined, with the appointment of a coroner's position and then the possibility of subappointees--whatever the classification you label them as--to cover for the permanent coroner. But there should be a regular process.

With that in mind, I have one further question.

Mr. Chairman: Mr. Ballinger had a supplementary.

Mr. Ballinger: I want to follow it up.

Mr. Chairman: Keep in mind that we do have a long list and we must be completed by 4:30 because the deputy minister does have another important appointment and we agreed to complete by that time.

Mr. Ballinger: If you do not mind, I just want you to repeat the statistics. There were 385 appointments, of which only three were rejected?

Mr. Takach: There are 385 current appointments. They were not all made within 1986.

Mr. Ballinger: Right.

Mr. Takach: But out of the 385, there were these three that the Provincial Auditor made comment about.

Mr. Ballinger: So it is conceivable there were three individuals, for whatever reason, for whom that recommendation was not approved.

Mr. Chairman: On a point of order: For the record, the auditor looked at 13, of which three were problems that he pointed out. In fact, he commented on close to 25 per cent of those he examined. In those there seemed to be a problem. He had a very small sample.

Mr. Ballinger: That is a good point of order. Thank you, Mr. Chairman, for that clarification.

The point I wanted to make was that I think you missed a very important part and that is one called public relations. It has been my experience in my own riding, at the municipal level, with respect to that certain position, that there was some confrontation and some disruptions just because of the attitude. There may be a whole host of variables involved. Someone may appoint somebody from a technical point of view but from a personality point of view he just may not fit into that mould, especially in a rural community.

Mr. Cureatz: Was that the question? That just goes to my point that there should be a better process so that these people can be vetted in terms of getting the most appropriate kind of person. I am not being partisan about this. Tories were as guilty as anybody. The system was terrible.

Mr. Dietsch: They certainly were. They got the 320 appointments.

Mr. Cureatz: We do not know the number of appointees under the present Premier. Do I still have the floor, Mr. Chairman, or where are we at?

Mr. Chairman: I thought you had your last question.

Mr. Cureatz: No, I have not asked the question. Mr. Ballinger interjected with a supplementary.

I have one last question and that is, on page 105, on duplication and programming of computer systems. You are quite elaborate about the system, and nauséam, I felt, but that is beside the point because computers do not interest me particularly. I am interested in why, but I suppose you cannot answer that specifically. I will get at it in a different way.

The Ontario Law Reform Commission indicated and recommended the use of a computer system to analyse causes of death across Ontario. I was wondering, has this high technology proved beneficial to the coroner's office to such a degree that we are able to pin-point an area where the computer system has proved of use to all of us in Ontario.

Mr. Takach: We are not at that stage yet, but we expect that the system, once fully implemented, will prove beneficial that way.

Mr. Cureatz: I am asking for the centre to be completed. Maybe the coroner could respond to that.

Mr. Takach: You suggested that analysis as to cause of death by computer would be achieved with this system. What I was trying to say is that, at present, that is not possible, but as our program is implemented we hope to make progress in this direction. Ross, would you care to comment?

Dr. Bennett: We will be able to pin-point deaths in a certain area and in a certain hospital or a certain nursing home and drug deaths in certain areas almost immediately, and that is going to be the value of the system, whereas now it is sort of hit and miss.

Mr. Cureatz: Cross-reference to see if there is a recurring situation in a particular area?

Dr. Bennett: Yes.

Mr. Smith: It seems as though the auditor has brought up the selection process and everybody else seems to be worried about it. I just wondered, out of those 385 that you have chosen as coroners, how many of them are women doctors?

Dr. Bennett: I think there are about 10 right now.

Mr. Smith: Is it that not many of them apply or do they not fit into your mould?

Dr. Bennett: They just do not apply. They are not interested in most instances. I think that was what drew it to the auditor's attention. The one who was rejected was a woman.

Mr. Pouliot: In his report Mr. Archer gives rather high marks for the economic way the system is run. You seem to do it well at a "reasonable price." However, as we read through the report, and I am quoting, "Because of the high fees involved, we also recommend that the chief coroner review the possibility of using full-time employees to carry out inquests." Has the ministry discussed this option with its 400 or so members, the option of going full-time?

1600

Mr. Takach: The short answer is not to this point. I do not know whether the chief coroner has discussed it with his coroners, but the study the ministry is doing in conjunction with the chief coroner's office has not yet gone that far.

Dr. Bennett: The only place it would be really feasible would be Metro Toronto. We did approach the 25 coroners in Metro Toronto, asking if they would be interested in this. We got flat noes across the board, for the reasons Mr. Cureatz brought up a few minutes ago.

Mr. Pouliot: Which is the fee being tied to a civil servant's salary level? Would that have anything to do with it?

Dr. Bennett: Quite a bit.

Mr. Pouliot: I have one final question. You have given me the reason the ministry has not considered in the past the use of full-time coroners. Your courage is great, sir.

Mr. Chairman: Dr. Bennett, I have a couple of questions for you. There was a previous study, or you had considered in the past full-time coroners.

Dr. Bennett: In 1983.

Mr. Chairman: I gather right now there is another study. Are you saying that your first study was inadequate to come to any conclusions?

Dr. Bennett: No. We reviewed it and put in today's figures. The biggest problem is obtaining coroners who would be willing to work on a full-time basis. At the present time, the coroners in Toronto are very busy. They are able to work within their own field, in industrial medicine, family medicine or whatever, and carry a lot of coroner's work. But to do coroner's work alone is not that appealing, and they just do not get compensated sufficiently.

Mr. Chairman: Would you agree that simply being an MD does not necessarily qualify you to be an adequate coroner, that certain skills which would make a good coroner can be identified and that you could probably list those skills the same way you can list the skills required for a good hospital chaplain, a good family practitioner, a good psychiatrist or any of the other helping professions?

Dr. Bennett: I think that is correct in many instances. When the Ontario Law Reform Commission reviewed our system back in 1971, it came to the conclusion that physicians were the best ones for the job because we are dealing with medical problems right along. The majority of our cases deal with hospital deaths involving medical diagnosis.

Mr. Chairman: Even within the medical profession, though, would you not agree that simply having MD after your name in itself does not make you necessarily qualified to be a coroner? One would assume, and I just take it from a layman's point of view, that you would need some degree of expertise and liking for pathology, some ability to write reports, some ability to summarize conclusions and also, in this modern age of drugs and other phenomena, some fairly up-to-date information on both pollutants and the illicit drug sorts of areas in order to be a good coroner. You could probably list very much more than I can. In your study, will you be developing such a checklist and will there be some way of evaluating objectively when a coroner is appointed?

Dr. Bennett: That is why we have had such a selection process, which has worked out over the years. You cannot just pick out a doctor and say, "Because you are a doctor, you would make a coroner." You have to get somebody who is interested, first of all, and has the ability to carry out the duties. We have been very successful over the years, and I must say the three who were picked are doing adequate jobs. There is no problem.

Mr. Chairman: Would I be overly cynical if I reported that from speaking to a coroner, and I am reflecting some of his views--I think he is dedicated and I think he is a competent medical practitioner from what I can see--he is doing it out of dedication. I do not know whether he is a political

appointee, but the main thing is he seems to be doing his job. But he has a grave suspicion that some people who are accepting the job at the low rate of pay are doing it because they are not good physicians and need the extra money or for a variety of other reasons, none of which relate to competence as a coroner. Is that a fair assessment? How can you prove otherwise, unless you have objective criteria?

Dr. Bennett: I could not agree with you. I would make a decision based on the work they do. There are certain people who do not do a lot of coroner's work because they are not interested. That is the way it levels out. If you are not really interested in the job, you just do not take the cases, you slough them off to someone else. I could say the majority of people we have in our system are not political appointees. They are in there because they are interested, they will do a good job and they are quite capable.

Mr. Dietsch: When you are trying to select an individual to fulfil the role of coroner, what seems to be the largest drawback? Is it the monetary reimbursement for the length of time they put in? Why can you not attract different individuals? What seems to be the drawback?

Dr. Bennett: It would be a combination of the time it takes to do a case for the amount of money they get for the case, the lack of interest in dealing with death--

Mr. Cureatz: The hours.

Dr. Bennett: Yes, the hours. They are unpredictable. You cannot say, "I am going to do such and such" every morning. It might be in the morning or it might be in the middle of the night. It is a combination of those things: interest, money and time.

Mr. Dietsch: Is there any of what I can only describe as bedside manner necessary in a coroner? It seems to be a very acute issue in dealing with people, recognizing the sensitivity of death, dealing with individuals who experience death in their family. Does that have any relation to the choosing?

Dr. Bennett: For a coroner to be good and serve the public, he has to be compassionate. If he is cold and does not communicate with the family, we run into trouble. We do have this problem occasionally. A coroner must be compassionate.

Mr. Dietsch: That is the reason I think it is important that there be some type of development to review this whole aspect. There are a number of areas of importance we should address in our report, in recommendations to the minister.

Mr. Chairman: In terms of comments made by members of all three parties, there are some concerns. I think we may have some interesting proposals to make.

Mr. Adams: It seems to me that the auditor was concerned about staffing. There were some particular points, but he was concerned about getting the right people, the right number of people, in the right place at the right time and that sort of thing.

This line of questioning does interest me. I do not know whether this is for the deputy minister or for Dr. Bennett, but Dr. Bennett said, "They may not be interested in death." I think that was one of his expressions. Is it something you can express to us? What is it that makes someone interested in that field of medicine? Our chairman was addressing skills. I could see you avoided that, because there must be a wide range of skills and physicians might have them. You have a block of these and a block of those. What is it that would attract a person to this particular field?

Dr. Bennett: It is interesting work. That is how I got involved.

Mr. Adams: Why is it interesting to you?

Dr. Bennett: You are dealing with different things every day, all tragedies, but accidents of various types, natural deaths you do not see in a general practice. It is just a diversion from family medicine. Anybody who is involved and is good would usually make a good cop. They like investigative work and that is of interest.

Mr. Adams: On this point about women in that regard, would I be right in saying that most of the female medical doctors at the moment are relatively young? Is this interest you describe something that is more typical of well-established, middle-aged, one might say, and older medical practitioners or are there young people who might be equally interested?

1610

Dr. Bennett: I think the young people are equally as interested if they are approached or apply. We seem to have picked up a few more in the last couple of years, for some reason. They are applying and showing some interest right across the province.

Mr. Adams: But on this question of women, what about women?

Dr. Bennett: Yes, I mean women.

Mr. Adams: So perhaps their interest is increasing.

Dr. Bennett: I think as more get into the medical field, and it is only in recent years that adequate numbers are really graduating, they are showing an interest in it, and they make good coroners.

Mr. Adams: Could this intriguing aspect, whatever it is, be built into the selection process, the staffing process, the advertising process, the recruiting process? Are they all aware of this interest that you clearly have?

Dr. Bennett: When the regional coroner interviews them, that is what he brings out: what the job is all about and how interesting it can be. But until you try it, you really do not know. It did not appeal to me in the first instance and I rejected the application, but then I thought, "I'll try it," and I just found it very interesting and enjoyed it.

Mr. Adams: There is no pun intended. Was the application presented to you in cold blood?

Dr. Bennett: I was approached out of the blue, really.

Mr. Adams: It must make a difference.

If I could follow this vein of questioning, I can accept what the deputy said about the numbers in an area, unlike my colleague. I think that sounds like a very reasonable idea. It does seem to me, though, that given that approach, one should have a more than adequate number of people available. There is some possibility for testing the water, surely. You have people on staff who effectively are not used, who in fact dislike it and so on. Could you not move in that direction and have more on staff than you actually would need?

Mr. Takach: There is no real financial disadvantage to having more people appointed rather than fewer. The one disadvantage that I can see is that if you spread out the number of calls or cases among a wider number of people, then you do not develop an expertise or indeed cultivate the interest of those who are coroners and they get too far away from it. That would be one downside of having significantly more than you needed. Dr. Bennett, can you think of any other reason?

Dr. Bennett: That is the main reason, really. If you are not active in it, you become disinterested and you do not develop the skills that are required to handle a case or an inquest.

Dr. Adams: I think it is important to think out why people would do it in order to recruit the right people. You do not think, either of you, that the interest ever has something to do with the quite remarkable powers that coroners have. It does seem to me that a coroner's inquiry is a very, very far-reaching thing. I have been on the fringes of them, I am not a lawyer, but it does give a person remarkable powers, remarkable scope for a while. Do you think that attracts people?

Dr. Bennett: That is what we try to avoid in recruiting applicants, to get someone who really does come into it just for the power, because you are right.

Dr. Adams: They may have a hobby-horse of some sort with respect to the system. You do consider that already.

Could I switch back to the computer? We discussed this huge system before, the project, the first one. This does not sound much to me, this coroners' computer system we are discussing. With tens of thousands of deaths and hundreds of permutations on those deaths perhaps--place, time, cause, motive, whatever these things are--that does not sound like a big deal to me, unlike the other one; the OPP system is a phenomenal thing. Why is it that there are problems in something which would appear to me to be quite simple, both software-wise and hardware-wise?

Mr. Takach: There is no real problem as such. The problem was in the developing of the software package--I think I am putting it correctly--and the use of the technology. Basically, we decided internally, with the knowledge of Management Board, that we would proceed using a certain technology. We took it to a certain level or extent with Management Board officials, and when it came for review by more senior personnel at Management Board, it was decided that basing it on a present technology system that we had in the ministry, the OPP tandem computer, was not acceptable. We were asked to search for alternative means of implementing the system--alternative technologies.

So we did that. It meant, much to Dr. Bennett's chagrin and Mr. Paquette's chagrin eventually, there was some delay and some--I do not want to trivialize \$140,000--minimal sort of extra expenditure and time delay before

we would be able to get the systems fully implemented. But our technology is sound, our plan is sound, and it will do everything the chief coroner expects it to do, and it will do so in the not-too-distant future.

As I pointed out in my laborious opening remarks, certain of the system is utilizable at an earlier point than had we proceeded with the tandem computer. I fully acknowledge that duplication is undesirable and is to be avoided at all costs, but it was a situation where we thought we were proceeding in the same direction as the board staff was, and at the end of the road, even though they knew we were going in a certain way, they decided we should not go that way.

I do not want to get too involved in the history of it, but it had to do with our Management Board minute on the use of tandem only for the Ontario provincial intelligence computer for police purposes, and the issue was whether or not the board would reverse itself and say, "You could use it for something else." We thought they would and, rightly or wrongly, expected that they would and then there was a decision that, no, they would not and, therefore, we had to develop an alternative means of developing a system, which we have done.

Mr. Cureatz: What is the classification as to when a coroner has to be called out. Is it for natural death or for accidental death?

Dr. Bennett: There is one section in the act that outlines all the types of death where a coroner needs to be called: all violent deaths, all deaths from malpractice, misadventure, negligence, deaths associated with pregnancy, cases where people die suddenly and unexpectedly, cases which just require investigation.

Mr. Cureatz: I am a little familiar with that through that problem I had years ago. That being the case, because there are situations which are different, it seems to me that we should not have a system, in terms of appointments of these people, that is patchwork. It should be a little better streamlined, so that we can better adjust to the community where a tragedy does occur, to try to help work within the community to help the families, because the immediate instincts can be quite catastrophic.

That is why I am centering in on my concern that, because of these unusual situations where the coroner is called in, they should be streamlined and better trained and promoted, as Mr. Adams was saying, to try to get people interested to do the job. I think in today's society, with accidents prevalent all the time, they will be called upon more and more. You have answered my question. I made a statement and I have concluded, Mr. Chairman.

Dr. Bennett: May I add something to that? With due respect, I thought the system was fairly streamlined. The only time we ask for help such as you indicated before is when we are desperate and we just cannot find anyone in the community using our methods who is interested. We have gone to the minister and asked--we recently did this in Kingston, with our previous minister--because we could not find anyone we could recruit. He came up with a name finally after several months. That is the only time we ever seek help that way; otherwise, we do it locally, dealing with the people as I indicated, which has been very successful.

Mr. Cureatz: All right.

Mr. Chairman: Mr. Takach, we certainly appreciate your co-operation today. I am sorry. There is one last question. We are going to go right to the wire.

Miss Martel: I will be very brief. It was just to end off the afternoon on a bit of a lighter note concerning the material we were discussing. It is a question that Wendy MacDonald prepared. I know she did not do it purposely but I do want to give it to the deputy. I think he will appreciate it. It concerns the problems you had with the computer system, and the question is, "Did the ministry draw on its project management expertise developed through the Ontario Provincial Police telecommunications project to guide this project?" I know she did not do it purposely but I thought you would appreciate it. I thank you for coming.

Mr. Chairman: Thank you for coming, Mr. Takach and your staff. Dr. Bennett, on a personal note, any time that my office has contacted you, you have always been most helpful. I know other MPPs appreciate the way in which you can be of assistance to families who are often distressed and want to know what happened to a loved one who has been killed. We thank you for coming.

Mr. Ballinger: Especially out of the blue.

The committee adjourned at 4:21 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY OF CORRECTIONAL SERVICES

WEDNESDAY, FEBRUARY 24, 1988

Morning Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Cureatz, Sam L. (Durham East PC) for Mr. Pope
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Amrite, Dinkar P., Director, Justice Branch

From the Ministry of Correctional Services:

McDonald, Robert M., Deputy Minister
Humphries, Dr. Paul W., Senior Medical Adviser and Manager, Health Services

ERRATUM

In P-6, page P-5, line 41 should read:

whatever reason, there is a committee called Impac, the interministerial
placement action committee, which is a forum-- Did I get all the initials?

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, February 24, 1988

The committee met at 10:09 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MINISTRY OF CORRECTIONAL SERVICES

Mr. Chairman: I recognize a quorum. We have before us, from the Ministry of Correctional Services, Robert M. McDonald, the deputy minister; Neil T. McKerrell, the director of offender programming and operational support; and Dr. P. W. Humphries, senior medical adviser and manager of health services.

The matter before the committee at the moment is section 4.3, "Improved Administration Required, Correctional Services Activity." I am sorry, did I say 4.3? It is 4.5.

The members have been briefed by the Provincial Auditor, his staff and the researcher to the committee. Mr. McDonald, do you have an opening statement?

Mr. McDonald: Just a very short one.

Mr. Chairman: Do you have copies of it, or are you simply going to make the statement?

Mr. McDonald: No, just some explanation. We thank you for inviting us today and we thank the Provincial Auditor for his comments.

I just want to indicate to members of the committee that the Ministry of Correctional Services operates from five regions in the province, some 48 institutions plus four Young Offenders Act youth facilities, 48 area offices and 120 probation offices. Basically, our institutions are divided into 10 correction centres, 10 large detention centres, 28 smaller regional-type jails and two camps. The camps are forestation and farm camps.

Each year 70,000 people come through our gates, brought to us by the police. The courts dispose of the issues before the court, and we keep about 53,000 in one way or another. On any given day we have a capacity for 7,000 people in institutions and we are dealing with about 43,000 on probation or community corrections.

We have a rather extensive industrial farm, education and community program system, and our whole system is divided into maximum security, medium security, minimum security, protective custody, segregation, isolation and psychiatric wings. I explain that because in some of our institutions we have to have all those characteristics in local areas in order to protect people from the other inmates.

On the unclassified staff issue and the drug issue, which have been drawn to the attention of our staff by the Provincial Auditor, we would be very happy to answer any questions you have. The ministry, however, is in a transition period. In the computer systems, in the manual systems, we are

really bringing corrections into the 20th century, let alone moving into the 21st century.

We are now putting together a \$26.1-million computer package which will be ready in 1989. It will have the basis of the computer package, the offender information system, the financial information system and the personnel information system. At this stage of the game, with a batch control system in the computer, it takes us 45 days to 50 days from the end of the month to really get a fix on what our costs are.

The other area is that, in April 1986, we amalgamated inspection and audit, and we also instituted operational review. There was a rather hit-and-miss program in the past of reviewing, in the full length of audit management practices, security and so on in the institution. It was more of a checklist by an inspector who went in and said, "The door does not work," or "This does not work."

We took the initiative to pull together an operational review team that is going into our institutions on a three-year cycle in order to do a complete review on each of those institutions. Beginning last year and this year, we are also taking a look at our 10 large institutions, historically over the last five years, to look at our cost centres, our chart of accounts and how the costs are being dealt with, and we are relating those centres to staffing needs within the centres.

In our system, with 24-hour-a-day coverage and 48 institutions--and some 16 institutions built in the 1800s in the old British system--a dozen people on each floor, we have to control our system by posting analysis rather than number of inmates, because if we put people on the third floor with 12 beds, we have to have people up there, whereas it is quite different if you have 36 beds on one wing; you might have to have only one person at night. So there is a misunderstanding, I would believe, in how the correctional system runs on a 24-hour basis and what type of costing is in there, based on the type of people we have and the need for 24-hour security at every turn of the road.

The other area in our 10 correction centres is that we have industrial and farm programs in there which relatively change the cost of operating because these are long-term inmates in a rehabilitation mode.

In the drug area I think it would be better to answer questions rather than make a lengthy statement. We have a statement about how we search and seize; what we do with the police; what arrangements we have with local police or Ontario Provincial Police on certain areas; what happens if we find one pill in an inmate's pocket when he comes back from court, or if we find an inmate high coming back from court in a difficult condition. I think it would be better, perhaps, to answer the questions on those items as the members of the committee ask. We will be happy to try and answer all your questions.

Mr. Chairman: Thank you, Mr. McDonald. It certainly seems from your opening comments that you have taken the auditor's criticisms seriously and have started to act on them, particularly in the first area: namely, in the monitoring of operations.

I am going to propose to the committee that we deal with this in terms of the three different areas the auditor has dealt with. The first is the need for improved monitoring of operations, and the deputy minister has dealt with that in his opening statements; you may want to get clarification. The second is inadequate measuring of program effectiveness, and the third group is the

procedures for handling drug effectiveness not followed. Perhaps we can start off with questions on the need for improved monitoring of operations. Questions from the committee? Mr. Cureatz.

Mr. Cureatz: Well, we have had occasion to meet at various times, and here we are again. I think the last time was in more pleasant surroundings over lunch. Maybe we can have that opportunity again if we progress with the critic for this ministry.

Mr. Dietsch: Good thing you explained that. I thought you were--

Mr. Cureatz: One of the inmates, that is right. No, not yet.

Interjection: Outside the walls.

Mr. Cureatz: As one of 16 Conservative members, I just might be, especially after our meeting last night.

The one area that I missed after all our meetings and letters to various ministers is that I do not have a handle on the cost per inmate in our various institutions. I wonder if we have that readily available, and is this the area that comes under the monitoring of cost operations?

Mr. McDonald: I think it could, because one of the fundamental items in cost is costs of operation of specific institutions. We can get a list for the committee and have it delivered to them in the morning.

Mr. Cureatz: Is it the same in regard to, say, women's institutions, men's institutions, the farm activities, the slaughterhouse out in Guelph?

Mr. McDonald: No, it really is not, and this is the fundamental misunderstanding I think we have in the auditor's report. If you have a 22-bed Fort Frances Jail, which is required for the northwestern part of the province for police transportation, you have to house and staff the jail 24 hours a day, because the police can bring those people at any time to you. You have to have your cook, you have to have your storage, you have to have all those items.

On the other hand, we have the Metropolitan Toronto West Detention Centre with 600 beds in Toronto, with young offenders in one wing, women in another wing and about 400 male inmates in another wing. If you go to L'Original, on the coast between Quebec and the Ottawa River, you have a small jail there, built in 1823, in which you have to walk down the stairs to get to where the beds are for the inmates. We are building a new prefabricated program area in the yard. The cost of controlling that place would be higher than some other place where you might have 22 inmates all in one room.

In Owen Sound you have 50 beds. You have three floors, about 12 beds on each floor, and you have a dormitory over the superintendent's office and a building that is in the late 1800s. Where you have a farm camp you can have a correctional officer who is a farm worker who works with inmates on farms. The inmates like to work on the farms, and their running temptation is quite different than it would be at a medium-security Guelph situation.

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The problem we have in explaining costs all comes down to the number of posts that are required to control the institution, to service the

institution, to service the industrial, education or farm programs. In the case of the Owen Sound Jail, you might have three posts on days, three on afternoons and two on nights, but posts relate to 24 hours, seven days a week, so you have a factor by which you extend your costs for all that period of time. At the Whitby Jail you have 13 posts on each of the shifts because of the layout of the jail. In the Metropolitan Toronto West Detention Centre, on the day shift you have 33 posts Monday to Friday and 30 posts on Saturday and Sunday.

In the afternoon, though, you have 35 and 31, respectively. Why do you increase? There is a lot of activity. The police begin to bring people into the detention centres in the afternoons; they do not bring them in in the mornings. There is court movement in the mornings. At night there are only nine posts because it is a maximum-security detention centre and you lock the people up and you have floater people in the system.

If you start to compare the costs, for example, with Fort Frances--and I will just relate those costs very briefly--in the Fort Frances Jail our average cost at full occupancy would be \$162.

Mr. Cureatz: Per inmate?

Mr. McDonald: Yes, per diem cost per inmate.

We have an average in the institution during the year of 14 beds. That would drive up the unit cost, on average for that year, of \$212. We could also have a drug bust in Fort Frances that may bring 16 people in in one night and we are overcrowded.

When you get into the central region of the province you have the Vanier Centre for Women. You have a capacity of X. Full capacity would be \$122 to \$125 a day, but the counts for women going into prison have been going down, and we kind of like that, in a way. There is an average of about 90 there, so it drives your cost up to \$191.

You can close a cottage or a wing, depending upon the mix of your product. I do not mean to talk about people as product, but if you have a protective custody cottage, you cannot close it even though you might only have seven people in it and there are people who need that protection.

In the case of Metro, Metro west is 604 beds. Our per diem cost is \$88.49. It runs at an average of about 515, average, during the whole year, so it drives the cost to \$104, but there you have three institutions within one. You have a female detention centre, a young offenders detention centre and an adult male detention centre--all separated, mind you. Therefore, the postings you have to have are within three little institutions within one institution.

At Metro east you have a male institution with 386 beds. The average cost is about \$68 to \$70. It runs at full capacity, so the cost is the same, really, because we do not have the mix and the posts are changed.

If you go into a correction centre such as Guelph, which is a medium-security prison and has industries in it--education, some farm--the cost for 579 inmates is \$91 a day, even with all that in it. You do not have to have three kitchens for Guelph. You have one. You can service out of that kitchen a very large population, and you can use inmate labour in order to dispense food and to help with the cooks.

Mr. Chairman: Does that also count the income that comes into Guelph through the sale of products and things like that?

Mr. McDonald: No, we keep the income separately. Income that comes in goes to the consolidated revenue fund and we do not get the advantage of nipping off any profit that is there. As an example, we have about \$5.5 million worth of industrial sales per year in institutions, and we have the equivalent of wholesale price of food of about \$1.1 million that we produce ourselves.

An example of that is we stamp all the licence plates for the province at Millbrook. At Mimico we make fireproof mattresses that we sell to our own institutions and to the federal institutions. We have a canning factory at Burtch that produces \$600,000 worth of food--carrots, pie fillers, tomato juice, apple juice, grape juice--that we supply not only to ourselves at a certain cost but to the Ministry of Community and Social Services and the Ministry of Health.

We make all the grills for the old jails at Millbrook, when we are changing doors and grills. We make our own locks, picnic tables--a rather large range of products equal to about \$5.5 million of sales last year.

Mr. Ballinger: I hope you see the humour in a jail that makes its own locks.

Mr. McDonald: Yes. They do not assemble them. They make the parts and Chubb Mosler or some other company assembles them. We buy the control locks from them, but we have the automatic range locks put together elsewhere. They are welded and encased inside, and we have not had very many people pick those locks.

We keep separately the dollar sales in industrial products and the dollar equivalent sales of food that we produce. We have farms where we produce eggs. At Hillsdale, 600 or 700 turkeys get produced every fall for Christmas and Thanksgiving. The equivalent of that is about \$1.1 million.

We will get the list of all those costs, which we can supply to the committee.

Mr. Cureatz: If you could supply it to me it would be most helpful. If the committee wants a copy, all the better, if that could be arranged.

The nuts and bolts of what you have said is that it is tough to determine the cost, the overall average in the institutions, because each institution is different, according to its particular outlay. That is the short answer.

Mr. McDonald: If we gave an average cost of all inmates being housed today, it would be of no consequence to the real costs of running individual institutions. However, our process that we are going through and have been going through for the past 18 months is to make sure that the costs for each individual institution are correct, according to the posts and what degree of risk one would want to take by cutting one or two posts out. Because if you cut one post out, you cut five bodies out, so five bodies are required for 24 hours a day, seven days a week.

In the industrial area you have to weigh the profit motive or actual cost as against having inmates busy. If you do not have inmates busy, you have

to have security officers to control them on the range during the day rather than taking them out to work in an another part of the institution and using the trades person as a security officer. The person gets taught some things at the same time.

Mr. Cureatz: You brought up Whitby Jail. I have the occasion to visit the jail periodically through constituency work, usually with the clergy, who have encounters with parishioners who have been jailed and have not been able to get access for the clergy or the family. So we have been able to go to the jail and make arrangements and sort those things out.

Mr. Ballinger: We wondered how you got such a large plurality.

Mr. Cureatz: That is right. Listen, they all vote.

In any event, you brought up the Whitby Jail. I do not know, I guess we are deviating a little bit, but if we could slip it in under the cost-effectiveness, I suppose you are getting your money's worth there in terms of the overcrowding. There have been some articles about it. We should take this deputy and meet with the Durham Board of Education, as we did last night. After they ripped into us--

Mr. Chairman: I do not believe the Durham school board is part of the auditor's report.

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Mr. Ballinger: Mr. Chairman, if you could have been with Sam and I there last night, you would understand what he is saying.

Mr. Chairman: I do not doubt, Mr. Cureatz, that you would rather have been in jail than where you were last night. However, that has nothing to do with the matter before us.

Mr. Cureatz: That is right. How does Whitby Jail look on cost effectiveness?

Mr. McDonald: Whitby Jail costs as against capacity are right on, because it is always pretty well at capacity. What we have is Metro East, Metro West, Mimico, the Toronto Jail and Whitby, in the Metro watershed area. That is where the most pressure is on. Whitby would have to have an addition in the future because it holds remand prisoners. Now there is a lot of action in the Whitby and Oshawa courts because Durham is growing, by the sake of that population. Mississauga and Peel have the same problem.

Whitby would be scheduled some time in the future for probably 36 additional beds, maybe 50 beds, and Metro east would be scheduled for about 84 to 96 beds to take the heat off the eastern part of Metro and Durham.

Mr. Cureatz: We do not have any immediate plans, though, for Whitby?

Mr. McDonald: No.

Mr. Cureatz: One final question. In regard to the costing, you always hear, at least I seem to hear, that it costs the province or the federal government \$25,000 a year to have a prisoner in jail. I suppose what you are saying is that that is a somewhat misleading statement, as you have indicated, because of the various costs. Are the feds any better? Because of the longer stay, are they able to say, "This is what it costs"?

Mr. McDonald: I think the federal government taking averages is dangerous. If the federal government has a work camp, a forestation camp in northern Alberta, the costs of running that camp might be \$48 a day. If you equate it against the maximum-security Kingston Penitentiary, you can skew the average costs very easily. It is the same in an industrial manufacturing area; you might have a 100-product line and if you average the cost of every one of those product lines, it would make no sense.

The problem we have is that if you take large dentention centres and large correction centres with industry in it, there is some similarity. When you get to the small jails, there is none, because the layouts of those jails are just all over the map.

Mr. Cureatz: If you could provide that cost breakdown for me, I would appreciate it.

I am sorry, Mr. Chairman, I never did get to my last question, which is now. There is an institution in Oshawa which I do not think is termed a halfway house; it is like a jail but the people go to work and they come back and report and they lock the doors and they stay there overnight. I do not know what the terminology is for that.

Mr. McDonald: We do not have halfway houses in the provincial system. We have community resource centres.

Mr. Cureatz: Is that what that would be called?

Mr. McDonald: Yes, if it is ours.

Mr. Cureatz: They contract it. I think it is nonprofit and you contract it.

Mr. McDonald: There are beds which we contract with private, nonprofit agencies; we buy one or two beds for specific periods of time. We have 35 community resource centres in the province, roughly about 300 beds. We have about 60 locations for young offenders, about 460 beds, for which we have specific contracts, and most of those are nonprofit.

However, what you have to understand is that you have to transit people through our system rather quickly, because we have two years less a day, and our average inmates stay with us 79 days. Our capacity is 2.4 million days a year and the judges sentence four million days a year. So there is a difference of 1.6 million days a year, in general scope.

People get remission, parole, or we transit people to the CRC for the last 15 or 21 days of their sentence. Or we have someone of whom the court says we should consider an immediate temporary absence, because the fellow is a tool and die maker and could keep his job and support his family, but the judge does not want the person to be with his family, so we would keep that person for 90 days or so in the community resource centre. But he has been in jail. The superintendent has given him an absence. He has a condition in which he has to stay in that CRC. He can leave for work at 6:20 a.m. He has to be back at 6:15 p.m. If he is not back at 6:15 p.m., he is at large. It is as if he has run away from the Toronto Jail. We can put him back into the system very quickly.

Those are not locked, by the way.

Mr. Cureatz: They are not locked?

Mr. McDonald: None of them are locked. Do not let anyone tell you that a resource centre or a halfway house is locked in order to keep people from going out. They may be locked to stop people from coming in at night, but they are open systems.

Mr. Cureatz: Yes, that is correct. I was wrong. It was to keep people out.

Mr. McDonald: And the lock is only used to keep people from walking in, somewhat similar to houses for battered women. The reason they are locked at night is not for people going out. It is for someone trying to get into the place, which is very dangerous.

Mr. Cureatz: In any event, I think the one that I visited and have had some dealings with is providing a very worthwhile service and it certainly is an alternative to the incarceration, four-wall syndrome. At least it is an attempt to try to make some accommodation to the people in the community to get them back into their ordinary lifestyles, living with their families.

Do you have a breakdown of costs, or can you provide that for me?

Mr. McDonald: We can get the costs.

Mr. Cureatz: How much is contracted out? You said you do not own a CRC, but you contract the beds out?

Mr. McDonald: We contract CRCs and open-custody residences, by and large, with nonprofit agencies or correctional or social agencies in the community and we have a list of those. We have average costs and we can get you the average costs.

Mr. Cureatz: Right. OK.

Mr. McDonald: Young offenders' average costs are between about \$78 and \$96 a day. In the CRCs they range all over the map, from about \$40 a day up to about \$80, depending upon whether the CRC is a total alternative to incarceration in a prison or a transition house for a minimum-level-problem person who can get out in 14 days or 21 days, so that he gets looking for a job and somebody assists him while he is that process.

Mr. Chairman: Thank you, Mr. Cureatz. I remind members that we have three separate items to cover this morning. We are presently on monitoring of operations.

Miss Martel: I want to say to the deputy that when I read through the package, particularly the first section on monitoring, I was very disturbed actually by what seemed to be a lack of monitoring in the three specific areas that the auditor mentioned. I understand the system is decentralized, but it seemed the basis for a lot of the lack of monitoring or the lack of documentation was the ministry stating, "Well, the facilities were quite different and so there was no method on how to make comparisons between them."

I recognize that other ministries are big. The Ministry of Health, for example, is still able to come up with those kinds of figures, so I am wondering what seems to be the problem in terms of your own ministry in that regard.

I would like to ask you to make some comments about the staffing levels and the requirements in that regard. I noticed that the auditor suggested there be independent reviews and the ministry started on that. I am wondering if you can tell us what the criteria are that are used for that. Are you going to be reviewing the rest of the institutions and when?

Mr. McDonald: On the staffing levels, we are starting to do a systematic staffing review of all the institutions. We are starting first with the 10 large correction centres and the 10 large detention centres where most of our money and most of our staff is. What we are trying to accomplish is to look at the whole institution and find what postings we require in the institution to run it, three shifts, 24 hours a day.

Over a period of time the problem of unclassified staff and classified staff has been raised by the Provincial Auditor. The problem we have is that we have a range of problems in staffing: absenteeism, unscheduled hospital care where we have to send staff to the hospital with an inmate, long-term maternity or workers' compensation claims.

We have taken the position that we do not want to build sick time into our classified staff in advance of its happening. When you are running a system that may have 9.9 days of sick time a year, and you equate that against the cost of the system, the cost is \$10 million a year. The cost is about \$4.5 million for the people who are absent, and it costs us \$4.5 million plus to replace those people because we have to run a secure system throughout the year.

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What we have done in staffing--to do this coterminous with the staffing analysis--we have been meeting with Mr. Clancy of the Ontario Public Service Employees Union, his officials, and the 50 local union presidents. We have been reducing the grievances. We have reduced them from 1,450 down to 375 over the last 18 months and we are really working hard at this.

We have also gone to a compressed work week, which is two 12-hour days with a 10-hour-day overlap; two 12s with an eight overlap; and, in some areas, two 12s with two eight-hour overlaps. So we can still get our coverage, we can give four-day schedules for our workforce, which gives them three days off.

By this combination of analysis, changed working conditions, compressed workweek and activating the absenteeism committee, we think we can lower our absenteeism over time. That still does not get around, though, the posting analysis problem. The posting analysis was done essentially by regions, prior to my coming to the ministry.

I did not think that was the right way to go. So what we did was start operational review in the spring of 1986. We got it running in the fall of 1986 and have done about 24 places now. We have a pretty good fix now on what the difference is between the correctional centre, the detention centre and the small jail.

Now we are going to do independent staffing analysis, other than outside the regions, because I have never seen a staffing analysis at the Ministry of Community and Social Services, the Ministry of Housing or this ministry that did not come in wanting more staff.

That is not a way, I feel, to run a ship. We are beginning to do this in detail. We are at a disadvantage because of the computer system but we were

able to get some small personal computers and load the small PCs and try to control this, at least in the 20 institutions.

Miss Martel: On that note--

Mr. Chairman: There is a supplementary from Mr. Pouliot.

Miss Martel: Do you want to go first?

Mr. Pouliot: Thank you, Miss Martel. In terms of staffing, Mr. McDonald, it is refreshing to note in your comments that you have stressed the words "independent review," as proposed by Mr. Archer.

Broadly summarized, your response is that last year you had carried out operational reviews of 19 of the 48 institutions, and you have indicated you are now up to 24 of the 48. Do you have a set schedule for the remaining 48? Will they all be reviewed?

Mr. McDonald: Yes. What we did was to say that the 48 institutions would be covered in a three-year period. Rather than do a separate audit, a separate inspection, a separate operational review, a separate management practices review and a separate security review, we send a team in that does the whole thing all at once and we second superintendents from other areas to go in and review the security of an institution.

The team goes in and does this. We get a report. It goes to the regional director and the superintendent, who have to reply to the report. Then there is a list of jobs that have to be done over a six-month period and a sign-off period after the six-month period--have they done them or have they not done them?

In that process we found that with respect to staffing, the superintendents were happy with their staffing. We found that some of the superintendents who were reviewing them and our researchers were not so happy with the staffing, and thus the independent look at it.

So what we are doing is we will take a superintendent, somebody from Correctional Services at head office and somebody from operational review, audit and investigation and do a posting analysis. There are some risks in that because they are subjective opinions. If you have Guelph Correctional Centre, which is a minimum-security prison, at night you cannot have somebody at the back of the institution with the keys. If you have somebody at the back of the institution with the keys, you have to have two people because if somebody ever got out of the range, knocked on the door and the fellow opened the door, he is had. They will have all the keys for the institution.

So that is the degree of risk that you have. Do you put two men at the back or do you close that at the back and have somebody flash somebody at the front of the institution who goes down and does that? What danger do you have to staff and to inmates if you do that, if somebody gets sick or somebody tries to commit suicide? It is all a degree of risk.

At the Toronto Jail, you cannot have any risk because you have remand, highly volatile, psychiatric and protective-custody prisoners, 150 moving to the courts every day and being searched every day. You cannot risk not having the posts you have. At the farm, you can risk a bit. The fellows who are minimum security like it at the farm; they do not run very much.

So it is subjective, but we think it should be subjective with an independent, other than the region. We think there should be a discussion afterwards, and if there is a degree of risk, it should be documented so that everyone is knowledgeable about it.

Miss Martel: In terms of the staffing and the review being done, how do you expect the new computer system to affect that and when can you expect that computer system to be in place?

Mr. McDonald: I do not think the computer system in itself will do the staffing review. The computer system will store the results of the staffing review and will be able to automatically monitor the staffing review each month. What will happen is there will be computer terminals in each of the institutions--there will be 14 regional computers in Ontario tied to a mainframe computer--so there will be a process by which someone at the end of the month will be able to keypunch into the computer what the staffings were over a period of three isolated times during the month, run the totals and compare whether the person is within the staffing control mechanism. But the computer will not be able to model staffing models because our institutions are all different, so you cannot model the Owen Sound Jail as you can the Metropolitan Toronto West Detention Centre. For Metro West, you can model the institution having 600 inmates and three institutions within that; how would you get the right coverage? But to compare that against Owen Sound would be impossible.

Miss Martel: In terms of the absenteeism you mentioned, are you documenting the individual cases, or is the union, and are you monitoring what the reasons are behind that type of thing, because I notice it is awfully high?

Mr. McDonald: It has been very historical in this ministry and any ministry that has institutions. Having been a deputy at the Ministry of Community and Social Services for four years, I know it is a similar problem. The union takes the position it is innocent absenteeism, and we take the position by and large that it is, except when we find it is not. It is a matter of good faith. Mr. Clancy and I brought together our 50 superintendents and the 50 shop stewards at Ontario Place last September to talk over together how we can have better working conditions, a compressed work week and how we are going to deal with absenteeism.

We have done an analysis of the absenteeism, and by bleeding out the long-term disability or maternity, there is a significant problem with one- and two-day absenteeism in our system. One can put that down to stress, as the union calls it. One can put that down to being in an institution for six days, trying to deal with a miserable bunch of people at the Toronto Jail. You would think it would not happen at a farm camp and then you start to spot the Mondays and Fridays or the day before the lieu day and so on.

What we do not want to do is push people against the wall because we do not think that is the right way to deal with this. We have done an analysis of 10 institutions. We are going to be meeting with the union. What we are trying to do is to have absentee committees in each of the institutions, and where someone is flagrantly doing something wrong, one should be told about it and one should indicate to the person that it has to change. If you have a 27-year-old in good shape on the control team and he is off 14 days during the year, all ones and twos, you have to pin him to the wall. If somebody has an ulcer and has been in that condition for a long period of time and has normally been off six days a year because it bleeds, you really cannot do much about that.

We think, systematically, it should be a one-on-one situation rather than management squeezing the system, because it never works. The Japanese have found it on the automobile floor. Ford and Chrysler 10 years ago knew what happened. By working with the 50 shop stewards and our 50 superintendents to take corrective action where somebody does have an obvious problem, we think we can push it down about seven per cent a year. The problem, though, is that seven per cent a year over three years is 21 per cent. Whether you can sustain that push all the time, I really do not know.

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Mr. Chairman: Mr. Dietsch has a supplementary, then Mr. Pouliot is next on my list.

Mr. Dietsch: I am interested in costing with regard to sick leave and workers' compensation. What level of absenteeism is there at this time in the institutions? Is it high?

Mr. McDonald: Yes. It is all over the map.

Mr. Dietsch: It varies from institution to institution.

Mr. McDonald: I will give you some examples, but I want to explain that you cannot take these examples as averages. There might be three people off on long-term disability at the Guelph reformatory who have been off for a long period of time. That is 365 days less weekends, so it gives you 200 days. With two of those people, you have 400 days, so you have to bleed that out.

In the case of the Whitby jail, it is 9.3 sick days per year. In Metro east, it is 9.2 and in Metro West, it is 7.9. Why are Metro East and Metro West different? That is the obvious question there. Two new detention centres, one with 600 beds and one with 400 beds. In Metro West you have three institutions, Young Offenders Act, female and male; at Metro East, you have all male, all roughies, who are not in the Toronto Jail. There is a higher level of anxiety and a higher level of problems there. You could say the two days are because of that reason. To come to that conclusion without bleeding out long-term disabilities would be kind of a misnomer.

Mr. Dietsch: Are those figures in line with private industry in the types of absenteeism?

Mr. McDonald: No.

Mr. Dietsch: What type of variation is there?

Mr. McDonald: In institutions such as mental retardation facilities, psychiatric hospitals or our correction facilities, by and large absenteeism is higher than in the rest of the system. In the case of Millbrook, it is 13 days a year. It is a maximum-security prison with a total problem, offensive homosexuals with violence, people afraid to go into the wings. If you go to Rideau, which is a minimum-security correction centre with a farm, even though it has a treatment facility, it is 5.5. You have to look behind what you have there.

In our work with the union, we do not want to say arbitrarily that there is an average absenteeism. We want to take Millbrook. What do we do in Millbrook in order to make working conditions, the compressed workweek, the absenteeism committee, the social committee, the picnic in the summer--what do

we do to change that? What are they doing at Rideau that they have only five days? What are they doing there? I do not think they are doing much, except that it is an open farm and it is nice place to work. When you get to the Cobourg Jail, it is 7.3 days, and so on.

Mr. Chairman: Mr. Pouliot, would you start your questions, please?

Mr. Pouliot: I do have a supplementary on--

Mr. Chairman: You do not have to have a supplementary. You have the floor, so you can ask as many questions as you want.

M. Pouliot: Merci, Monsieur le Président. Je comprends votre gentillesse.

Are the Workers' Compensation Board figures computed? Are they part of the absenteeism rate you have established?

Mr. McDonald: Yes. Everything is there. We can separate them by institution. What we have are workers' compensation, maternity leave and then a range of sick time, from someone having a coronary or a gall-bladder operation to one- and two-day absenteeism before and after a weekend, but we cannot do that by the computer now because we have not got a sophisticated enough computer to catch it. We have to do it by hand. That would be one of the things that a personnel information system would be able to pull out for us.

Mr. Pouliot: Would the incidence rate under the Workers' Compensation Board be higher, lower or approximately the same as other institutions, for instance, like psychiatric hospitals?

Mr. McDonald: It is about the same. By and large, the type of injury may be different, but the numbers are about the same. The length of time they are off is about the same.

Mr. Dietsch: I am ready to move on to the next section.

Mr. Chairman: I have just one question. There are a number of companies now that are supplying wellness programs or, if you want, preventive medicine programs to industry. IBM has a major contract. Humber College owns the Canadian franchise for a big American corporation that provides programs on stress management, quit-smoking programs, etc. Are you running programs that are either initiated within your ministry or through the civil service commission or through private industry and other corporations, outside corporations, that help your personnel to reduce their absenteeism by being able to cope with stress, with tobacco, with alcohol and with various other problems that tend to increase absenteeism?

Mr. McDonald: I have been talking to Dr. Elaine Todres, deputy at the human resources secretariat. We are taking a look at what kind of all-out program we could have in institutions, rather than just in our ministry. We have some programs that we have been doing and they have been working well. We think we have to pull together a range of employee assistance, in the broadest sense, and "wellness" is as good a word as any. If it is someone who has alcoholism problems, we would rather help the person identify the problem than label him in the personnel file as an alcoholic, get him to the Homewood Sanitarium and try to rehabilitate him rather than let him hang on the wall until he gets fired, until he quits or until he gets hurt.

In our institutions we have four major problems. Smoking is one. By and large, 90 per cent of inmates smoke and, by and large, the people who work in those institutions also smoke. That is one. Another is that we have a higher rate of alcoholism than most. We have a stress-related, isolation-related, institution-related mentality that causes some problems of absenteeism in a range of areas. We have a general mistrust that is slowly ebbing between management and labour. We have been making a very conscious effort in the last 18 months, and going from 1,450 grievances down to 375 that we settled and worked out together is proof that it can be done.

We want to go the next step and it may seem crass to say, but we also want to go to the picnics because what has happened in the past is that it just has not happened as a matter of policy or a matter of we all get our paycheques every second Thursday. If we got down to the fundamentals, whether you are a deputy or a correctional officer on the range or whether you are Neil or you are Paul, every Thursday we get our pay cheque and we should work together. How do we do it the best way? I think that is the approach we want to take. With wellness in general, we are trying to attack those four problems and we are trying to attack them not as overt policemen, but in a co-operative way in order to make sure we all get our paycheques every second Thursday.

Mr. Chairman: The point I was making is that, in programs which people themselves can elect without getting a stigma attached, often they can clear themselves without the fear that something is going to go on a personnel record. If somebody feels uptight and enters a stress management program along with a number of other people, they do not get labelled as somebody who has a mental health problem, they simply go into a program that is offered and it is less of a confinement.

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Mr. McDonald: I think it is a matter of education, really. I can assure you that everybody knows if somebody in Owen Sound goes to the health unit, or if somebody in Millbrook goes to the local doctor. Metro West no, because it is impersonal. But out of 48 institutions--I would say in 35 institutions, if any person goes into a program in Owen Sound, Sarnia, etc., everyone knows. I would rather put it all out on the table that we should help each other, whether it is employee assistance or union-management operated, whether it is somebody that we have identified to go to Homewood, I would rather do it.

The anonymity is a problem because if someone is in trouble, he or she hesitates to phone for help for fear that it goes on his file that something untoward is going to be done with him.

Mr. Chairman: I think Mr. Pouliot has a stress management problem at the moment. He has a question that is burning within him and he is afraid that I am going to ask a bunch of supplementaries. I will give Mr. Pouliot the floor.

Mr. Pouliot: The most stress I ever had was right after having entered a stress management program and I thought that was the culprit more than anything. I have a bit of a problem with mathematics and maybe we can do this together. If a jail is fully occupied, if the occupancy rate is 100 per cent, would I be right in saying that the per diem rate would be less but that it would cost more, the bottom line, in operating?

Mr. McDonald: That is right. There are two marginal costs; detailed

costs and maximum costs. If you take Metro Toronto West, 604 persons, you might have \$88.69 for full occupancy cost: running the institution, trucks, superintendents, all the correction officers on the posts. If our average count is 515 persons for the whole year, the cost is driven up to about \$104, if you do it by mathematics. The only saving, if there is any in that, might be you do not have to have so many eggs when you cook; you have to have the cooks, you have to cook the soup. So there is a marginal cost effect.

If you got that you were only running at 400 in that institution, then you could close a whole wing. You could close down a whole wing of 60 beds and lay off or transfer the people in that unit. Therefore, you would lower your costs. But if you were running 28 small jails, where you have to have your superintendent, you have to have your three-shift supervisors, 24 hours a day, five days a week, and you have to have one person per floor as a floater, whether you have 36 or 50, the fundamental cost is there. It is only a marginal change in the unit cost because you might save some food or you might not have as much laundry.

Mr. Pouliot: In front of me I have a rather interesting column or short article that appeared in the Toronto Star in May 1986, and, if it matters for information, the creator of the article is Damien Cox. I am not sure where Mr. Cox is now, but he says in the article, "One in Three Choose Jail Rather Than Pay Fines, Figure Shows." I am quoting from the article, "Interestingly, of the 16,053 who chose jail in 1984-85, about 35 per cent served time for Criminal Code offences, 37 per cent for driving offences, and about 17 per cent for offences under the Highway Traffic Act." It goes on to say that the problem is how to develop a viable program in places like northern Ontario in lieu of one in three people choosing jail rather than paying fines. I am wondering about recommendations or your comments regarding an alternative such as community work, for instance.

Mr. McDonald: Last spring cabinet approved a direction for the ministry to go to a balanced correction system, to have more community alternatives to imprisonment for a range of offences that are really not controlled by federal legislation in which the judge must give someone a year or six or seven months.

The fine situation is a peculiar problem. There are many millions of dollars collected by fines in the province, but there are some people who will opt to go to jail for seven days rather than pay \$200 worth of fines, for some reason: (a) they do not have the money or (b) they are addicted and they do not know what they are doing and have been picked up; the police have picked someone up and when they have run a computer check, he had not paid his parking fines and he gets put away.

Then you have people who do it more in the wintertime in remote areas, who really like three meals a day. Kenora is an absolute example of that. Some rural areas in southern Ontario are absolute examples of that. We want to discourage \$25-a-day fines. You have to spend a day for \$25 and it costs us \$125 to look after you. That is just on average. It is stupidity.

Of the people who come into our system, 16.3 per cent are for fines, but that is not 16.3 per cent of all the days. That is only 16.3 per cent of the people. You have to be very careful. It is not 16.3 per cent of our 2.4-million base. It is 16.3 per cent of the 53,000 who may spend one day or two days with us.

Of the people who go into jail for fines, half of them always pay their

finest within two days. They are fed up with staying in the jail for the two days. They always knock on the door and say to the superintendent or the assistant superintendent, "My wife is coming down with the money and she will pay the money." A lot of our jails make calculations in the middle of the night for people paying anywhere from \$300 to \$7,000 so that they can get out of jail.

Mr. Pouliot: I would imagine that farm work, like other endeavours, does demand some getting used to.

Mr. Chairman: We are moving on to measuring program effectiveness. We have approximately 50 minutes to deal with this and the procedures for drug effectiveness.

Mr. Dietsch: Perhaps the deputy can explain to us how effective implementation of some of the programs has been, to begin with.

Mr. McDonald: In the correctional system, there is a problem in the western world in evaluating a person's ability to stay out of the criminal system by intervention by the state. Unless you can do longevity studies, research studies, you will never prove that a program of treatment for psychiatric or psychological ailments will work, because under the law, the minute the person leaves the care of the state, you have no legal right to do certain things unless people agree to it. Some of the studies that have been tried in the United States and Europe have not been too successful in doing longevity studies because people do not want to tie themselves up for five years having to answer questions every year about how they are doing with employment, how they are doing with education.

When it comes to evaluating specific programs of a person coming into our system in long-term correctional centres, where 35 per cent are at the functionally illiterate level, perhaps at grade 6, and he actually goes into a remedial reading program, you can measure, when the person leaves Guelph seven months later, that he can read. He can read the bill of lading and he has an opportunity to get a job at the Susan Shoe company, whereas he would never have had that job before.

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Then you get into the other end of it, the sex offenders at the Ontario Correctional Institute where we have 212 beds. They are really arsonists and sex offenders in the broadest range. I am not talking about aggravated assault with rape--they go to the federal penitentiary--but incest and a range of exhibitionist problems and paedophile kind of problems. We have a reasonable fix on it. It works while they are there and they do not come back very often, except in certain areas of sexual activity.

That is in the realm of psychiatric-psychological treatment, which even in the psych hospitals--with the schizophrenic, as long as the schizophrenic takes the pills out at 999 Queen Street, he or she usually can stabilize himself or herself. The reason they do not take the pills is their social environment is living in a boarding house in Parkdale and their social environment just goes down the drain. They have to give their pension cheque to the boarding house operator in order to be fed a pittance of food. The general welfare and family benefit rate is very low.

When we get into young offenders, we think there is a big opportunity here in being able to change a lot of recidivism problems for 16- and

17-year-olds, and in the adult system, 18- to 24-year-olds, but to prove it out we would have to monitor over a five-year longevity study and they just will not do it.

Mr. Dietsch: Mr. Chairman, I think we could probably couple the last sections together because of the drug abuse aspect of it, which in my mind treads over into the earlier discussions we had in relationship to staffing, if you might permit that.

Mr. Chairman: If that is a proposal, is it the wish of the committee to combine the last two? I see a consensus. Carry on, Mr. Dietsch.

Mr. Dietsch: In terms of drug abuse and the types of problems one might encounter from absenteeism, I can see some relationship of the types of things running together and the benefits of programs of such a nature for both those who are working and those who are inmates. I am wondering whether that has been a part of the program you have been looking at or whether you have been looking at only one side of the program.

Mr. McDonald: We are looking at both sides of the program. What we find with staff is mostly alcohol, not drugs. People in the corrections system are pretty--

Mr. Dietsch: Alcohol is not a drug?

Mr. McDonald: --straightforward about the use of drugs because they see every day what that does to people. In the inmate population it is a combination. You usually find that where someone is very heavily into alcohol, he is also very heavily into some kind of drug, whether it is valium or smoking some kind of marijuana or hash oil, or somebody putting a certain kind of chemicals on the back of a postage stamp so that he can take the postage stamp off when it comes, lick it and get some kind of high. Ingenuity is there.

What we find, though, is that if someone is with us for a long period of time, we can do a lot with him. At least when the person is going out, he or she knows that what has been happening to him or her is something he or she has control over, that there are programs he or she can get into afterwards. There is a range of people who will help them, but we have to convince the local community population that it should invite these people into their group therapy groups because it is not unheard of, in some hospitals in the province that have alcohol programs for the middle class, if somebody comes and wants to get into the program, he gets excluded. We are working very hard at trying to stop that.

We have tried to separate, though, the problem of alcohol and drugs with inmates and what they do because most of those people have a range of other problems. They have a combination of illiteracy, life skills and self-esteem problems. The younger kids have been beaten up by their parents. You have a very different kind of culture and reasons for them doing these things than you do for someone who is a corrections officer who happens to have some problems. We do not find very many drugs at all with our officers.

Mr. Dietsch: I did not mean to tie the two of them together in that type of distinct nature. What I was aiming at more than anything, I guess, was the Alcoholics Anonymous program, for example, and having that type of program encouraged to centre itself from within.

Mr. McDonald: We do have Alcoholics Anonymous programs in all our

corrections centres. We have driving-while-impaired programs. We have shoplifting programs. We have group counselling. We have anger-aggression-control counselling. The person has to want to be in the program. You cannot force the person to be in the program; there are prison rights and so on. By and large, if the person is with you for more than 120 days, you can usually convince him to get into the program he has a weakness in. If he is in for less than 120 days, with remission, and in a local jail close to his family, it is extremely difficult to impact on that person.

Mr. Dietsch: From my novice position of looking at this sort of thing, is there nothing that can be--you say prison rights. I thought when a person got put in that position, those rights were extremely limited. I am wondering about the aspect of having some conjunction, if you will, with respect to sentencing and the aspect of the need for picking up on these types of programs.

Mr. McDonald: The prisoners in our system have a lot of rights. A person in federal or provincial jail anywhere in the western world does not have to go to school if he or she does not want to, does not have to go into the counselling program, does not have to eat unless I have to call Dr. Humphries to force-feed him with intravenous because he is starving himself to death.

Most people, if you work with them, recognize they have a problem and if you have them with you long enough, you can usually get them into a range of programs. But when you have somebody who is an alcoholic and is there because of that, because he has done something, who is also functionally illiterate at a grade 6 level, whose life skills are--he has not brushed his teeth for three years--who has not had a permanent job except washing cars at the local carwash, you have a real problem of knowing what to attack first.

If someone comes in who has a mere alcohol problem, with a different education level, you can say: "You're crazy. You should be into this program. It's your total downfall. You've lost your marriage." If the social worker says that to him, you can usually get that person into a program.

It is complicated, not straightforward, and 35 per cent of our people from 18 to 25 who are in our system for more than 120 days are at grade 6 level. Forgetting whether they went to grade 8, forgetting what they did, they have a hard time reading. If you were to try to get that person, even though he was a cleancut fellow, etc. a job at a shoe company, to lift boxes on to the truck, if he cannot read "brown shoes, size 9 1/2," it is a real problem.

Mr. Dietsch: Would you have statistics about the types of--that takes up the large part of the clientele you serve?

Mr. McDonald: The general statistic we have is that a certain percentage are functionally illiterate. One day in March last year, 983 people in our system needed psychiatric, psychological or behavioural disorder care. On that given day, 159 were retarded. What range of programs do we have to help those people? I could tell you those programs.

Our business is not one of knowledge of the population. People know about the Ontario hospital insurance plan and about the drug plan, but they do not know about the back wards of facilities for the mentally retarded or the back corridors of our jails. They do not know there are 36 beds in the Toronto Jail where there are psychs. They are in there, half of them, because they are off their pills and have stolen oranges or tried to beat someone up, and they

have been at Queen Street Mental Health Centre before. Our whole system is not one of keeping seven beds for someone who drank and the police brought him to us. It is a rather volatile system in that 36 beds in the Toronto jail are filled all the time with psychs.

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Eighteen beds are filled all the time with protective custody, people who think they are going to get killed by the other inmates. We have maybe 12 people who are coming off Bay Street who have never been in jail but are picked up for fraud and want to be isolated. They can demand the isolation and if you do not give it and they get hurt, you get sued. You are not running a 535-bed jail where you put people in; you are running about six little businesses within that jail.

Mr. Cureatz: I am sorry, were we on program effectiveness? We seemed to drift into drug occurrences or does it matter now?

Mr. Chairman: No, you slipped out. It was proposed by Mr. Dietsch that perhaps drug effectiveness and program effectiveness should be dealt with together.

Mr. Cureatz: Good idea. Obviously a Liberal with some potential.

Mr. Chairman: If you can deal with it in 10 minutes, I will allow somebody else to ask some questions. We will say that you are a Conservative with some potential.

Mr. Cureatz: Andy Brandt did not think so.

Mr. Chairman: Would you start asking your questions, Mr. Cureatz.

Mr. Cureatz: We had an interesting session with the Ministry of Skills Development and asked about follow-up in terms of that program for people under the age of 24. Your little bit of testimony, of which I just got a portion, in terms of the people whom you are serving, would indicate that you would not be too successful in terms of a follow-up program in any kind of situation with some of them. That being as frustrating as it is, do you have a handle at all on recurrences, the likelihood of someone's finally breaking out of the system and getting on his feet?

Mr. McDonald: Perhaps I could answer it this way. Dr. Shapiro and Glenna Carr are deputies of both those ministries, Education and Skills Development, that we are working with right now. We think there are sufficient programs in both of those areas, which we do not have to duplicate, that some of the people in our system could take advantage of. We think there is another group of people who need some leading to those programs.

I will explain it this way. If you want to get grade 11 physics, you can get in the Education system if you are at that stage. You do not have to set up a program in our system to get grade 11 physics. If you go to a youth counselling centre for employment and get four month's subsidy in workplace training--there are certain people in our system who can take advantage of that, but there is a huge number of people in our system for whom the combination of literacy, life skills and employment or job readiness is not there.

If you go to a skills outlet, you have to be job-ready in order to get

on the training floor of that company. We have a lot of people who need some extra assistance. We are working with Management Board of Cabinet and these two ministries to have a funnelling of these people through our system, then to take advantage of the Education and Skills Development systems when they are ready. But a large percentage are not ready. If we do not get them into some of these programs, they will be back with us; there is just no question about it. If they do not get employment or economic stabilization within three months, they are back in some way. They may not get caught but they are back in the system.

We think that by joining ourselves to those two ministries and having a method by which, in discharge planning, we can identify those who need that extra life skills/literacy help within the community we can do something in the long term, but not in the short term.

Mr. Cureatz: You said "those two ministries." Was one Education?

Mr. McDonald: Education and Skills Development. I am meeting with Dr. Shapiro today. We have met several times.

What we are finding is that in the community colleges and the universities, in the regular education remedial part for upgrading subjects from grade 8 up to grade 13, they have a system to do that. People in our system who might be at that level might not be ready because of their life skills or their family background. People below grade 8 in our system, though, who are 18 to 25, have big problems because they have social problems, criminal problems, education problems and life skills problems. That is a rather large percentage of our younger population.

Mr. Cureatz: There is no net available for those people who you indicated were more psychiatric than anything who are always filling up the beds. It would almost seem that they should not be within your ministry.

Mr. McDonald: We have three treatment centres: Ontario Correctional Institute for sex offenders, arsonists and people with heavy double addictions, Guelph assessment and treatment unit for people with assaultive behaviour and a treatment unit at Millbrook for people who are at maximum. We are putting up three regional treatment centres. The 84-bed centre at Rideau is now open. The new centre at Sudbury will be built with the federal government over the next two years. In western Ontario, we are going to have 72 beds.

What we are doing is identifying people coming into the system who need this medium range of psychological, psychiatric and behavioural disorder therapy and moving them right up front to those centres. Rather than leaving them for 120 days or six months in a correction centre, we are moving them to those centres so that we can intervene in the problems that they have. We have hired psychologists and social workers, and we have fee-for-service psychiatrists working in each of those areas now. We think we can make an impact on the long term.

The person who comes into the Toronto Jail, though, twice a year and who is a schizophrenic and has to be on his or her medication poses a very different problem. We are dealing with humanity there, rather than the cure of schizophrenia. We are the line of last resort. But there are a lot of other people in the middle of that. I do not want to say that we have all Clifford Olsens. By and large, we have the 99.9 per cent who are not Clifford Olsens and we have to deal with them in the very broadest sense.

So we are impacting on middle-of-the-road psychiatric, psychological and behavioural disorders, alcoholism and light drug addiction. With the heavy offences, which are arson and rape, we do the best we can, as everyone else does. But the really habitual 45-year-old who has been on alcohol all his life and who visits us from time to time, he is gone. I do not like to say it, but his mental level is gone. He has cirrhosis of the liver. We are the place of last resort.

Half of the 35 people--Neil used to be the superintendent of the Toronto Jail--are the schizophrenics of Queen Street who are out and stabilized, as long as they take their pills, but they visit us from time to time. We keep them for seven or eight days, bring them back around, try to connect them with a social agency and get them out.

Mr. Cureatz: One final question, Mr. Chairman. I will deviate from the auditor's report just slightly; I hope he will not mind. I was just going to ask the deputy a question.

I have always felt so frustrated with the ministry because it is not high profile in terms of the other ministries. Who is going to worry about jails and institutions? Yet it is something that we should be bringing our attention to because it is out there. It is a service and it is an important part of our community, albeit we like to turn away from it.

What area of concentration, outside of more money, always, would be helpful in terms of the Ministry of Correctional Services? Well, OK, I guess it is money. What area of a little input would be of service?

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Mr. McDonald: You will be surprised by my answer. You will be very surprised. I would like 130 MPPs to visit our jails and detention centres. I would like this committee to take one afternoon. We will bring a bus and take you to the Metro Toronto West Detention Centre and show you the place. You have a perception of our system as a system of punitive jails and offenders.

Mr. Dietsch: Can you guarantee you will release 130?

Mr. McDonald: Well, Mr. Chairman, we have three or four rooms in very special places with southern exposure. We put curtains up from time to time.

Mr. Chairman: The steering committee is meeting at 12 o'clock or one o'clock, I think it is, and that suggestion can be brought to us. This committee has visited in other matters that have been before us. We visited the Downsview Rehabilitation Centre, so it would not be a new precedent for us to travel. I know that I have visited a pair of your institutions--

Mr. McDonald: I know you have.

Mr. Chairman: --both as chairman of the standing committee on administration of justice and also with the standing committee on the Ombudsman. It is really quite an experience. People will tell you that it is a great thing and a great way to get off the streets and spend a couple of months there. These places are not the Hilton Hotel by any means.

Mr. McDonald: No. The second part of the question, if one can look at it, is to begin the community corrections alternative system, do it

incrementally over a period of five to eight years, rather than do a big bang the first year and have everyone against you.

The third thing is to systematically fix up the institutions. I do not mean building new institutions. We do not need any new institutions. What we need is to fix up the stock that we have. Our stock is worth \$1.1 billion, if we were to replace it. We should systematically fix the system up over a 15-year period rather than try to bang everything the first few years.

Mr. Chairman: You are not suggesting that you could fix the Thunder Bay institution, are you?

Mr. McDonald: Yes.

Mr. Chairman: That old fort in Thunder Bay could be modernized?

Mr. McDonald: Yes. What is happening now is that a contract has just been let for the Young Offenders Act facility in Thunder Bay, which has been on the boards for the past little while. It will be built over this spring into next winter. In that institution, which is a farm, by just changing colour schemes--you may think this is nonsense, but by just changing colour schemes, by having a bit of imagination--when you walk into L'Original Jail, it has 32-inch by seven-foot cells. People used to have potties at night. They have not had potties now since the 1800s. All we did was change the door and put the lock on, so that at night a correction officer presses the button and the fellow can go to the john in the corridor.

The innovation that can take place--in the L'Original Jail, the fellow painted three colours in the halls. Instead of walking into a dungeon that looked all grey and green, he has got blue and red, and kind of stripes along the wall.

Mr. Dietsch: Like the tunnel at Queen's Park.

Mr. Pouliot: At least it looks larger.

Mr. McDonald: But there is a whole range of things you can do in institutions that really change the whole environment.

In the case of Burtch, you have got four minimum-security cottages and you have got another cottage that houses people on the weekends. You change the weekend people to doing community service orders and you convert the 72 beds into a treatment centre. The cost of converting into a treatment centre, by changing the windows and putting the rooms up and running a ventilator across the top, will cost X number of dollars. If you try to build a 72-bed new prison, it will cost you \$11 million. For \$2 million you can change the whole system.

Mr. Chairman: Perhaps it can be done. Maybe you can rebuild the Tower of London but, boy, you are stretching our imagination, and we will be looking forward to seeing it.

Miss Martel: I want to go back to the question of rehabilitation and the lack of effectiveness in trying to measure that. Just by way of a preamble, I noted that the auditor's findings on this were about the same as that of the Liberal task force on criminal justice and correctional institutions.

Mr. Cureatz: Which Liberal task force? What year was that?

Miss Martel: It was in 1984, and I quote: "Research to evaluate these ministry rehabilitation programs was conspicuous in its absence. The task force recommended that 'an evaluative research component be assigned to every rehabilitative program in correctional institutions in order to assess effectiveness.'"

Mr. Cureatz: We will be getting around to doing that, I guess.

Miss Martel: I know that there has been a change in government, but we are still back to the same problem that there is no effective means in place yet to monitor rehabilitation. The auditor has pointed out that there is quite a substantial sum of money in that regard--\$10 million.

I wonder if you have some type of idea of what is going on, how effective it is proving to be for people working within the system and how changes can be made to perhaps better adapt to who is in the system and what changes have to occur.

Mr. McDonald: I think we have a real good fix on what is in the system, what is effective, based on a measurement tool that we can do subjectively--i.e., literacy, sex offenders at OCI--and one can do the report. But research, as in the McKessock report and some other reports in other jurisdictions, means longevity studies because of recidivism, by and large.

The problem we have is that to do a longevity study in treatment of sex offenders, or treatment in general of persons with some kind of bizarre behaviour, would cost \$1.5 million over five years in order to get that work done, if we could get the inmates in our system to sign up and agree to do it after they left us.

We have proposed that we do that in the treatment area, not in the literacy area or in making picnic tables, because those are slightly different, but in the whole treatment area which, even for professionals, is a bit hazy. The psychiatrists say they have to do it, and the psychologists say if it is not multidisciplinary with a social worker, it is not going to work.

There are so many differences of opinion that for us to track the 212 people at OCI now for five years and to track the people at GATU just in the treatment area would be about \$1.5 million for research, in order to make sure that the tracking system worked, that we interviewed the people regularly and that they signed up for the program.

To run a literacy tracking system, it would take us about three years to even bring it into being because we do not have the fundamentals, except the schoolteachers who we have teaching people in there. But we do not have a connection at the moment between the institution at Guelph, moving into the community and one's hand being held as one got a job with a shoe company. You still have the problem of them wanting to sign up. Most of them do not want to sign up. We have tried to have them sign up for alcohol programs, but they just want to leave on the last day at the institution and get out.

We believe we need \$1.5 million to do a five-year longevity study in order to evaluate the broadest sense of treatment.

Another specific question is, does the young offender get an education because we are running a school system at the Bluewater Youth Centre? We

think we can do that ourselves. You can prove that the kids did go from grade 9 to grade 11, but you have a very tough time of monitoring a young offender after he leaves, because his name is hidden and you cannot track him after he is 18; they will not do it.

Miss Martel: So the money we have now in terms of rehabilitation is going specifically towards any of the programs you are running in institutions themselves, whether it be literacy or any kind of skills development; it is all in that regard. Do you have any idea of how that is meeting the needs? Are people in the system asked, "Is this doing anything for you?"

Mr. McDonald: I think if you were to go and see the farm program at Rideau Correctional and Treatment Centre, mattresses being made at Mimico Correctional Centre or the canning factory we have at Burtch, if you were to go there and talk to the inmates who are working there, for some of them it is the first time they have ever worked. So the very fact that they are on a line where carrots are being diced and washed and the cans are being heated in that kind of industrial environment really does work.

To measure the fellow who works at the Guelph beef plant, who gets union wages and gets out on a temporary absence program every day and comes back to Guelph, and to measure the few who are already working in that business now who were with us 10 years ago--there are a few of them around--to track that would be very difficult to do.

We can say that a certain person doing mattress business, canning factory business--making licence plates is different; that is a different correctional mentality. In the licence plate area, you have people who stamp out the numbers and you have a paint machine that paints them, and you have two corrections officers who watch to make sure they do not screw up the numbers, because some of them purposely do it. With the marking plant, you find some people who are interested in fixing the machines. There, you have someone who is not just going there for the day to make the licence plates; he is someone who wants to do something. Then you get him in a program.

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With the people who make the grilles or stamp out the lock parts, if you spot two or three of those people who really want to get into tool and die making or into the metal shop, you can pull them out of the system.

In the farm programs, it is therapeutic, rather than learning to raise turkeys. Most of the people, except those who have come off a farm, have never been in the environment before; they never knew what a turkey looked like except on the Thanksgiving plate. There, the growth in those persons' life skills is phenomenal, merely because they are out in fresh air, eating three meals a day and seeing something totally different than the downtown concrete of Toronto.

At Mimico, a medium-security prison in Toronto which has mattresses and some small motor work, you can prove the mattresses but the rest you cannot. The people are there from three months to six months, they get remission, they want to be there only because their friends and their family can come and see them. You just cannot measure it.

With the big corrections centres, you can measure reasonably that the people who were in the program got something out of it. What you cannot measure is when they come back to you five or six years later, unless you look

up in a new computer system what happened. We do not have that new computer system yet.

Dr. Humphries: I am Paul Humphries. Some additional comments on that, if I may.

Zeroing in on rehabilitation and trying to measure that--you just cannot imagine the complexity of it.

We know that over 40 per cent of our people with mental health problems are a result of personality disorders. Statistics over the years show that you can deal with personality disorders, but it takes a long time and you have to work hard with it, whereas our average stay is about 70-plus days. So we start dealing and putting the little pieces together, which we think will be valuable later on. You start with, as mentioned, the training bit, the education bit, the sorting out the family relationships bit, fairness awareness, stress management, anger management, and you start building all those over a period of time, then the individual is gone.

You have to have faith that what you built here is going to result in some improved behaviour over here. It is a very transient population. Addresses keep changing. When you are trying to do a follow-up, you almost need an army of psychologists out there doing it.

Then you have another individual who is in because he is a paranoid schizophrenic or something like that. You have the people who need treatment who refuse it. I think I was talking with your executive assistant about one of your constituents, Miss Nicholas, a couple of weeks ago. We get into treatment with these people. For instance, what they really need is medication at that point--not this particular case; I am talking about a paranoid schizophrenic--so you stabilize him, you get him on the medication and you release him with the medication. You could say right there your rate is 100 per cent. He came in sick, he is well and he walked out the door. But three weeks later he may have stopped taking his medication, and how would you ever tie that into a study?

You get into the alcohol and drug problems. We know that the best programs in alcoholism result in 25 to 30 per cent rehabilitation rates and sometimes that is through repeat admissions to the same clinics. So how many times do we run them through our programs, how many times do we readmit them, before we start to get that 25 to 30 per cent?

As you know, you have to work harder with the drug programs. The alcohol is a compliant thing; you can buy it within the laws. Usually when you get into the illicit drugs, you are into the subculture and you are doing it against the law. Now you have what I mentioned earlier, the personality antisociopathic disorder on top of the drug addiction. You are cutting through all of that as well.

When you try to develop the tool to measure all those things and say, "Wow, this, this and this work," it is twitchy. A certain person was doing a lot of work on this eight or nine years ago. He was starting to propose that treatment did not work. He later committed suicide, so we will never know. What we found was that a lot of people climbed on the bandwagon that it did not work. Then, as additional research was coming in, it was suggested, "Gee, maybe it did work," but it was too late; the bandwagon had formed and was rolling. That really clouds all of those areas.

You have to believe that what you are doing is right. You use all the latest techniques. If the individual is having trouble with his family, you work on that. You might have to train him in fairness awareness because of two things. One, he was not treated fairly in the schoolyard. He was picked on, so he lashed out against society. Or on the other side, he was the bully and got everything he wanted by being the bully. Either way, you have to teach him how to treat fairly with people to cover either of those aspects. I will not go on and on. It is just a quick comment.

Mr. Dietsch: I have found this morning's exercise extremely interesting and I cannot agree with Miss Martel's assessment that nothing has been done. What I have heard this morning is there has been a lot done in a period of time. Where I would rather see money spent, rather than in follow-up at this point, is in terms of incentives towards rehabilitation, money spent in that light.

In fact, I think I am correct in saying there was something within your programs called "time off for good behaviour" that went through the system. In terms of money being spent in incentives to encourage people to belong to these different programs, I think what I heard you saying was that a lot of the case load comes from lower-education-valued people. Are you looking at that aspect of it, first of all, in terms of providing some incentives to those whom you would find to encourage to take these educational courses to make something out of themselves before they go back into society?

Mr. McDonald: Basically, the incentive in the prison system is to keep your nose clean and get remission. If you get nine months, you know you can get out in six if you keep your nose clean. That is the culture. Then there are the industrial and farm programs in which you get paid if you are in a program. The pay is not very much; it ranges from \$4.60 an hour up to \$7.75 an hour in four categories. You have to save part of that so that when you leave, you have some money.

In the programs of education, literacy, life skills, group therapy, assertiveness training, nonassertiveness training, violence, they have to want to do it. They are going to get their remission anyway. You cannot accelerate their remission. You can give a person temporary absence, but we are very cautious about temporary absence with someone who has some inordinate problem, because you are really not doing him any favour by pushing him out if you are not helping him.

When you get into treatment, group therapy, the educational area, it is not a financial thing. It is not, "I am not going to get my remission if I do not go into this," because you have to get it by law. It is more his wanting to do it and convincing him it is the right thing to do.

What we are trying to do is more of an educational package when they come in at the first instance and when they are evaluated; to have somebody talk to them and say: "We think that in these two areas you have some significant problems. Why do you not get into a program that could help you?"

It depends on how long he has been in the system. If he is coming in the first or second time, he will move into the program. If he is hard-core, he tells you in no uncertain terms--without swearing, so that he does not get demerit points and therefore lose his remission--that he is quite capable of making his own way through life, and so on. You have this going on all the time.

When you get to the female inmates, it is a very different problem in that they want more to get into programs. They recognize that the problems they are in are because of sexual abuse or incest when they were young. It is right there. You do not have to not know it. You can face it. They will get into more programs of counselling and therapeutic kinds of things, along with the life skills and along with some kind of training.

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Young people between 15 and 18 in the young offenders system just eat up school because it is the first time they have ever really been in a structured environment which forces them to think and focus. You would think the structured environment of being in an apartment in downtown Toronto and going to Jarvis Collegiate or to some other place is structured. It is absolutely not structured.

If you go to Sprucedale, there is a school in there, there are four shops, there are four psychologists, there are four social workers. You have the swimming pool and you have three meals a day. You have a conducive environment to go to school if you really want to, and 85 per cent of them want to. Whereas if those 16-year-olds and 17-year-olds were in the adult system, it would be 20 per cent.

Mr. Dietsch: Is there no way that the judicial system, as part of a sentencing structure, can ensure some type of a program entrance and some type of a sentence follow-up? Are either of those possible?

Mr. McDonald: The judges, who are governed by the law in the sentencing pattern and who see that young person for 20 minutes, one hour or an hour and 20 minutes, have a very difficult time in really assessing the long-term need of that young person. All he sees is the rap sheet, he sees how many times he was in trouble with the children's aid society, how many times he was in the juvenile court. He says the kid needs treatment; he cannot order treatment. He recommends to the correction centre that it take an assessment. We do that automatically.

But we usually know with a young offender what his problem is. Seventy per cent, 65 per cent are the graduates of the Ministry of Community and Social Services to us. All you have to do is look at the history of the family, or remedial problems, or retardation problems and you just see it in spades. It is not a secret. It is what you do about it afterwards.

If the kid gets three months, you can do very little. If he gets nine months to 18 months, you can do a lot. Most of those kids who are in those institutional environments--I do not mean prison--really change. They really do change.

Mr. Chairman: I have two more questioners, Mr. Dietsch, and I think we have six minutes left.

Mr. Dietsch: I am not sure I got an answer to my question.

Mr. McDonald: The judges cannot order treatment. The judges cannot order remedial action after the sentence because they have no power to do that. We cannot even logically take remedial action after they finish their sentence because we have no mandate under our legislation. So the social agencies, the hospital and the local Ontario health insurance plan doctor would have to pick up those people.

Mr. Dietsch: Maybe that is a fault in our legislation that should be looked at.

Miss Martel: Just to clear the record on this point, in terms of the rehabilitation question, I was reading from page 12, which is a commentary, and I was quoting almost verbatim the whole question on the Liberal task force. I think the point in question that Mr. Dietsch has raised, and this is the line I quote, "An evaluative research component be assigned to every 'rehabilitative' program in correctional institutions in order to assess effectiveness."

I quite correctly said that nothing had been done in this regard and I think we have heard from the ministry today that in fact it does not have a research component assigned to every rehabilitative program in correctional institutions. I think that was quite fair. Maybe the problem is that the Liberals should have never recommended it in the first place if it was indeed impossible to do.

Mr. McDonald: I do not want to get into--

Mr. Dietsch: The point is from the cost factor--

Mr. McDonald: We have an evaluation process for specific programs in specific institutions. We do not have a research component that evaluates in the long term whether the person recidivises or comes back to us, because that kind of research requires dollars, and it requires the permission of the inmate after he has completed his sentence.

But we do have some evaluation in what we do narrowly on the mattress factory or the literacy in the Guelph situation. We do not have the long term, which is really I think what that was talking about, looking at it in the long term.

Mr. Chairman: I wonder if Dr. Humphries could answer the question.

Interjection.

Mr. Chairman: One of the frustrations that we ran into on the standing committee on the Ombudsman when we talked to inmates in some of the northern institutions was that while there were staff positions for such things as literacy training, sheet metal training and various types of shops, some of them were on waiting lists because those positions were not filled.

I am wondering if there has been a problem in obtaining staff, because some of the administrators in these northern institutions stated that some of the professionals find there is a certain amount of isolation and it is not as exciting to live in a small town in northern Ontario as it is to live in Toronto--I am quoting them--where there are more cultural opportunities and professional development opportunities.

Are you having problems in obtaining staff for those positions, and if so, should you be considering some kind of incentive pay the same way as there are various incentives for doctors to go into northern Ontario?

Mr. McDonald: I think the Ministry of Health, the Ministry of Community and Social Services and ourselves are having trouble attracting professionals--psychiatrists, psychologists, masters of social work and social workers. Incentives for an individual do not work. Professionals want to go in

a milieu of their colleagues. That is the reason we are building the northern treatment centre in Sault Ste. Marie, so we will be able to attract four psychologists, five MSWs, two psychiatrists, because they believe that having that group of professionals builds a community.

To try to get one psychologist to go to Rideau Treatment Centre, as an example, where we tried for three years--the minute we put a treatment centre there and we had 84 beds, we attracted four psychologists and we attracted a psychiatrist out of the University of Ottawa, because it became a therapeutic community. It is the same thing with a bilingual situation. You have to be in a community that speaks that and deals with that in order to get a psychologist or an MSW who is French-speaking to work there. You would have a hard time bringing that person from eastern Ontario or Ottawa to St. Catharines.

Mr. Chairman: So you are saying you are having problems. But my question was in regard to instructors or teachers, if you want to use that word, and that people are on waiting lists to get into the shop programs.

Mr. McDonald: I cannot answer that specific question. We have shop programs in Monteith and Thunder Bay and Cecil Facer Youth Centre for young offenders. The rest are jails with short-term remand inmates. I would inquire as to that problem. It has not been brought to my attention.

Mr. Chairman: It certainly was in the Ombudsman's report a couple of years ago and it was the latter institution.

Mr. McDonald: I think the bodywork teacher in Thunder Bay was a problem.

Mr. Chairman: I am not talking about Thunder Bay.

Mr. McDonald: Cecil Facer?

Mr. Chairman: Yes.

Mr. McDonald: That is not a problem any more. We now have the teachers and the psychologists and we have divested our teaching to the section 16 school board, which is taking up that slack, and we have been able to iron it out.

Mr. Chairman: I see no further people on my list. Thank you for your co-operation.

The committee adjourned at 11:59 a.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
MINISTRY INTERNAL AUDIT OPERATIONS

WEDNESDAY, FEBRUARY 24, 1988

Afternoon Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
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Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Management Board Secretariat:

Sloan, John R., Secretary to the Management Board of Cabinet
Rae, Allan, Audit Adviser, Management Policy Division
Alfieri, Domenic, Executive Co-ordinator, Management Policy Division

From the Office of the Provincial Auditor:

Archer, Douglas F., Provincial Auditor
Mishchenko, Nick J., Director, Special Assignments Branch

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, February 24, 1988

The committee resumed at 2:05 p.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
MANAGEMENT BOARD SECRETARIAT

Mr. Chairman: I call the meeting to order. I will recognize a quorum. We have with us today, from Management Board secretariat, John Sloan, the Secretary of Management Board; Domenic Alfieri, the executive co-ordinator of management policy division; and Allan Rae, the audit adviser of the management policy division. We have a rather lengthy statement--at least it is in big print--by John Sloan. Mr. Sloan, perhaps you would care to present your comments to the committee.

Mr. Sloan: It is our pleasure to be here to participate in the work of your committee as it pursues its known mandate to promote economy, efficiency and effectiveness in public spending, one that is of great interest to Management Board of Cabinet and its secretariat.

Mr. Chairman: Before you start--I hate to interrupt you but since I have not had a chance to read your statement, my feeling was that we could best handle the auditor's report by dealing with three sections, namely, the substantial improvement in formal structures and system, the issue of deficiencies in the process of internal audit and the issue of the scope for improvement in level training and utilization of audit staff. I imagine you probably have broken down your comments in the same manner and if you could perhaps stop--

Mr. Sloan: I really have not.

Mr. Chairman: You have not. OK. Give us the whole statement, then.

Mr. Sloan: If giving the statement is not appropriate--

Mr. Chairman: It is fine. We found this week that a number of people have broken down their statements by the same categories as the auditor, in which case we take the part of the statement that relates to the first one and deal with it, then go on to the second one. It just is a more orderly way of dealing with it. In this case, I suggest you read your whole statement and then we will start on the first topic.

Mr. Sloan: Let me then begin with a comment that the secretariat, in supporting Management Board in its role as general manager of government, has welcomed the review of ministry internal audit operations. This afternoon, it is our intention to assist your committee in whatever manner we can as it reviews the Provincial Auditor's report, specifically as it refers to section 3.4.

As noted by the auditor, there were at review time some 21 audit branches providing services to 26 government ministries and related agencies. There are currently approximately 393 people employed by internal audit with their estimated expenditures in this fiscal year of \$20.5 million. As you can

appreciate, the individual audit branches vary in size depending on the organization and scope of the ministry's operations. The largest branch has a staff of 72; that is the Ministry of Transportation.

At the outset, I would like to make the point that Management Board views internal audit as a very important component of the government's accountability framework. As the management of government operations is becoming increasingly decentralized and more complex, there is a corresponding dependence by ministry senior management on the entire internal audit function.

I would add that in 1986, the secretariat included internal audit in its new directives manual. You will recall--I know Mr. Philip will--that an accountability study strongly recommended there be major revisions to the then Manual of Administration; some called it the "purple peril." That has now been completed and in that new manual of directives is one specifically on internal audit. In fact, one of the criteria in the whole thrust of directives on delegation to deputy ministers is the area of the capability and the adequacy of internal audit within that specific ministry.

I think it is fair to say that the secretariat, the internal audit council--the internal audit council is the council of the internal auditors within the public service--and the individual ministries have over a number of years fostered the sustained development of audit, and of course so has the Provincial Auditor.

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From time to time, an independent assessment of progress is needed. Accordingly, the kind of review conducted by Mr. Archer's office was, in our view, very timely and welcome.

Before proceeding to discuss the specific aspects of Mr. Archer's report, I would like to briefly provide some background information on the operations of the Management Board secretariat as a central agency and on individual ministries, as it relates to the internal audit function.

The current operational philosophy, indeed the practice of the government, is one of delegation with deputy ministers being responsible for the operations of the ministry. This includes the responsibility for an efficient and effective internal audit function and the role of internal audit is to serve its ministry's management, and therefore, the audit director is an agent of his or her deputy minister.

As described in the Management Board's directives, the role of the secretariat, in the context of internal audit, is to advise and support the ministries in the continuing development of internal audit. Of course, the secretariat is also responsible for central co-ordination and liaison with the Provincial Auditor, and obviously then, with this committee.

At the Management Board secretariat, we were, as I said earlier, very pleased that the auditor, in his review, found that there had been progress made since his last audit in 1980. You have read his audit report and I have reflected here some of the progress that has been made. I would put particular emphasis on the fact that there are, within the internal audit community, planning processes in place, that audit committees--this I am sure will get discussed as we get into dialogue--have been established in ministries and are active.

There have been many initiatives taken to upgrade the audit. Comprehensive training programs have been developed and are in place and, very importantly, internal audit, as reflected by the Provincial Auditor, and I agree with him, has the support of senior management.

Mr. Archer stated that this progress is significant and I agree. Furthermore, we note the improvements have been made in some key areas. We can all appreciate the tremendous investment in time, resources and professionalism that has gone towards that achievement.

We are pleased to see that kind of return on investment.

I would like to take a few minutes to highlight some of the secretariat's initiatives over the past few years in support of the continued development of ministry audit branches. I am doing this so that the members will see the context of at least the defined role of Management Board and the secretariat.

The last provincial audit was in 1980 and you will recall that, at that time, there was a task force on audit policy that made a number of recommendations. A major recommendation in that report was that the scope of internal audit be expanded to include auditing both financial and management systems.

The following year, in 1981--this gets into the resource issues--Management Board approved two additional audit staff per ministry. Also, since then and most recently, there have been audit branches established in the Ministry of Tourism and Recreation and in the Ministry of Skills Development and there have been audit units created in the Ministry of Energy and the Ministry of Northern Development. Other staff increases have taken place since that time.

Just to relate to that, by the end of last year, 1987, our figures show an increase of 142 audit staff on a 1980 base of 251 for a 57 per cent increase. If you relate that to dollars and cents, when you look at the total salaries and wages in government rising in that period by 73.1 per cent, those of audit staff rose 145.7 per cent.

In August 1985, Management Board approved the structure and funding of the Ontario Municipal Audit Bureau. Its mandate is to conduct financial and compliance audits of provincial-municipal transfer payment programs. These are done on behalf of about 10 ministries.

To provide policy direction, and to establish plans for the audit bureau, Management Board also established the Ontario Municipal Audit Council, so deputy ministers of the participating ministries sit on that council and meet regularly.

Directives and manager's guides on internal audit and on the auditing requirements for agencies have been developed by Management Board and published for the audit community. Just last month, Management Board approved a directive on "Management of Information Technology" which mandates management principles and information technology. In that directive, ministries are required--it is a mandatory requirement--to perform audits of their information technology environment.

In our draft report on "Information Technology Security in the Ontario Government," the secretariat is recommending internal audit play a key role in

establishing and supporting an effective information security program within ministries. By the way, this report has already been circulated to deputy ministers. We are consulting with them. Subject to their input, we will be going to the board very shortly and we expect, at least by the end of this fiscal year, that will also be in place.

As you are aware, we have commenced the development of generic audit guides. Those are companion guidelines to the directives, i.e. to the policies, to provide the auditors, in broad terms, with an approach to audit in compliance with each of Management Board's directives. We have already completed guidelines on advertising, greater communications and supplies and equipment and we are about to finalize a guideline on employee expenses.

We have developed a draft generic guide for value-for-money auditing, which has been circulated to the audit community. Value-for-money auditing is a relatively new concept and, unlike financial auditing, does not yet have generally accepted standards and methodology. The Canadian Institute of Chartered Accountants, for example, is in the process of defining standards.

We have augmented our staff at the secretariat with a full-time audit program analyst who I think you have seen in this room before, and that is Astrid Fernandes, at my extreme right.

We also provide research and management support to the--

Mr. Chairman: On your left.

Mr. Sloan: To the left. I am sorry. That is what I meant to say, Mr. Chairman.

Mr. Chairman: It just shows that the chairman is always awake and listening. Carry on.

Mr. Sloan: Thank you. We provide research and management support to the internal auditors' council. We work very closely with them, frankly, and I meet with the audit council executive at least four times annually. We feel it is very important that, through the council to the audit community, they are aware of leading-edge information on methodologies and new practices. As we get that, we disseminate it immediately to the council and we give administrative support to the audit council.

In line with the best practice advice contained in the management standards booklet published by the secretariat, every ministry has an audit committee or has an audit director sitting on the senior executive management committee of ministries.

Since the 1980 review by the Provincial Auditor, a number of projects, sponsored jointly by the secretariat, the internal auditors' council and the Civil Service Commission were undertaken. Those included the development of standards for professional practices, a methodology guideline on conducting audits on management practices and an internal audit staff development program manual.

In addition, I should mention that the value-for-money and the electronic data processing training courses have been strongly supported and promoted, both by the secretariat and by the audit council itself.

These are some of the more significant initiatives undertaken to further

the development of the internal audit function. I hope you would agree that these are all very positive initiatives; however, as with any enterprising organization, we must strive to build on the gains we think we have made to date.

As I mentioned at the beginning of my remarks, internal audit is a vital link in the accountability framework, so if management is to be alert to the possible internal weaknesses, a good audit system, an excellent audit system, is essential. Therefore, both the deputy ministers and I pay serious attention to the findings reported by the Provincial Auditor.

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Now, although the line responsibility for an effective and efficient internal audit operation lies within the purview of the individual deputy minister, the secretariat, in its corporate leadership role, is planning initiatives to augment the action plans developed by the individual ministries to address some of the auditor's concerns.

I would like to share some of these very quickly with you. We plan to issue a new directive on transfer payments accountability and a companion guideline that will provide the basis for the auditing of transfer payments. Now, our present timetable is to present the proposed directive to Management Board for approval early in this next fiscal year. Following the development and the publication of the manager's guides for the auditors, ministries, through their deputies, will be required to develop an accountability framework for each major transfer payment recipient. Those will be reviewed by the secretariat and then presented to the board for approval. We expect full implementation of that process by the start of the fiscal year 1989-90.

We will publish the guide for auditing for value for money that I mentioned earlier. We are initiating a review, with my deputy minister's colleagues, on the need for additional audit staff resources, and that is going to be done in conjunction with the implementation of the directives on the accountability on transfer payment recipients that I just referred to, on the management of information technology and the auditing of human resources function.

I can tell you that we will pursue more actively, and it was highlighted in Mr. Archer's report, the cross-fertilization of staff through secondments between internal audit branches, to and from program areas and perhaps even--I have discussed it with Mr. Archer already--to and from the Provincial Auditor's office.

We will continue to re-emphasize the assistance available to the internal audit community from the human resources secretariat in staff development, time management, performance evaluation and other areas. We have in the past provided speakers and resource personnel to the council's conferences and training seminars, and we will continue that. I find very important and useful the feedback in my meetings with the internal audit council as I meet regularly with them, and I will continue to liaise, obviously, with the Provincial Auditor. As new directives are required, we will continue to provide those, along with guidelines to the audit community.

We will continue to facilitate the work of the internal auditors' council in the areas of research, which is very important, organization and administration. You might be interested. I have listed two, but one of the immediate initiatives of the internal auditors' council on its own is that it

is organizing a conference in May of this year on new dimensions to improve reliability on the internal audit.

Now, following the release of the Provincial Auditor's report, I consulted immediately with my deputy minister's colleagues. In fact, once receiving Mr. Archer's report, I immediately indicated in writing to my colleagues that they contact and have meetings with the Provincial Auditor, and I know they have done that. Mr. Archer has met with many of them and, if not directly with the deputy minister, with their senior staff.

I am also pleased to report that in my view, in the feedback that I have got from the deputies and in discussions with Mr. Archer, these meetings have been positive, have been progressive. There are commitments made to improve, where appropriate. In fact, I can relate to you that a number of ministries--one in particular that I just talked to last week again is planning a specific action plan for his ministry to meet the commitments he has made as a result of the Provincial Auditor's observations on his particular ministry. But before he puts that action plan into place, he will be sharing that with the Provincial Auditor.

I think it is worth noting too, though, that in a number of cases the weaknesses observed by the Provincial Auditor had in fact already been identified by ministries and changes were already being addressed and implemented. In some cases, the changes entailed some reorganization of the audit functions.

Now to the subject of reliance. The Provincial Auditor has stated that based on his findings, he "generally would be unable to rely on the work of internal audit." We view this seriously and I intend to dwell on that subject, not at some length but also not briefly.

As the Provincial Auditor noted, the issue of reliance was a prime concern of the Provincial Auditor/internal auditors' council liaison committee. There has been a liaison committee established between the internal audit community and the Provincial Auditor.

The issue is complex and sensitive. The liaison committee met in July 1986. I will not read this, but there is a minute here underlining the discussions between the Provincial Auditor and the internal audit community, recognizing that reliance was a matter that had to be discussed and that there are many factors affecting reliance. That there had been lag times between internal audit and the Provincial Auditor's audit meant that audit data gathered by the internal audit was in some cases no longer relevant for the Office of the Provincial Auditor.

At that meeting, I understand Mr. Archer's staff advised, with regard to reliance, that the soon-to-be-published project report of the Canadian Comprehensive Auditing Foundation, which is titled A New Dimension to Reliance on Internal Auditing in Canada, would be reviewed by them for applicability to the provincial scene. One of the specific objectives of the study was to identify the factors that are important in determining the extent to which reliance could be placed on internal audit by the external auditor.

It is unfortunate that there has been no follow-up dialogue take place. As a result of that, an assessment framework against which reliance would be measured was not in place at the commencement of the Provincial Auditor's review.

As we all know, the primary client of an audit branch is not the Provincial Auditor, nor the central agencies; it is the deputy minister. This makes the issue of reliance even more complex and sensitive.

Clearly then, if the Provincial Auditor seeks to rely on ministry internal audits for his purposes, mutually acceptable criteria and standards for reliance must be defined.

As the previously mentioned study of the Canadian Comprehensive Auditing Foundation rightly points out, both groups need to know from the outset the yardsticks that are to be applied in any assessment. If different criteria are to be applied, different conclusions are likely to follow.

As statements of nonreliance or a vote of nonconfidence have very obvious and serious negative consequences, it behooves all concerned to co-operate and co-ordinate in arriving at a common understanding of expectations and standards. As can be appreciated, achieving this is not as straightforward as it might seem.

What should not be forgotten in this pursuit of reliance by the Provincial Auditor is the fine line between the mandate and the role of the internal audit and the mandate and the role of the Provincial Auditor..

As I have already said, first and foremost the internal audit director reports to and works for the deputy minister. The Provincial Auditor, on the other hand, has a much broader role in that he serves as the external auditor for the government. As such, his perspective, focus and approach will not be totally compatible with that of the internal auditor. Therefore, total reliance by the Provincial Auditor on internal audit may not always be a viable expectation; in fact, some may even venture to say not totally desirable either, given the two distinct client groups.

However, we at the secretariat believe that the Provincial Auditor, with a defined assessment framework in place, should be able to rely on internal audit to a much larger extent. Time and effort should and will be dedicated by all concerned to come to grips with this issue.

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In general, the ministries agree that the Provincial Auditor has a number of valid findings and recommendations. These are being acted upon now. However, it is incumbent upon me to point out that the process and criteria used by the Provincial Auditor have been questioned by some ministries. I indicated that in my response to Mr. Archer, which is in his audit report. I will cite a couple, and these are the views of the ministries.

The standards applied to working papers were not entirely appropriate for internal audit. For example, less rigid standards may be needed to accommodate the participation of nonaudit personnel in value-for-money auditing. Another point: Unlike for financial/attest audits, there are no generally accepted principles and practices for value-for-money audits.

The Provincial Auditor did not give sufficient emphasis to the true bottom line for internal audit; i.e., its effectiveness vis-à-vis ministry management. An important indicator of audit effectiveness is acceptance by operational management of audit opinions and conclusions and the implementation of recommendations. No major deficiencies were observed, and therefore ministries question whether deficiencies in working paper documentation constitute sufficient grounds for nonreliance.

Of course, these issues are ministry-specific and for the most part have been or are being dealt with on a one-to-one basis between the individual deputy minister and Mr. Archer.

It is important here, in my view, that we do not lose sight of one fact--and I believe Mr. Archer agrees with this--that when he says he cannot rely on the work of the internal auditors in all instances, it is not to be interpreted that the work of the internal audit is unacceptable or of no value to the deputy. What this means is that the documentation standards of internal audit are different from the Provincial Auditor's specific requirements in some instances. In fact, as I am sure Mr. Archer will again tell you, he has in the past utilized internal audit findings in his report.

For our part, in our central leadership and support role, we intend to be forward-thinking. In concert with the Provincial Auditor and the internal auditors' council, we plan to work towards clarifying expectations and developing, to the extent possible, mutually acceptable standards and a framework for reliance.

In summary, may I re-emphasize that we are pleased that Mr. Archer undertook this review of the operations of ministry internal audit branches. While it could be said that some of the operational management deficiencies cited are not unique to internal audit, audit is an important control point in the accountability process.

Clearly, progress can only come about through the co-operative and concerted efforts of several key players: the individual auditor, the internal audit branch, the ministry's senior management, the internal audit community, the central agencies and, indeed, the Provincial Auditor.

With the advent of value-for-money auditing and EDP auditing and the level and calibre of expertise that these call for, the achievement of more effective and more efficient internal audit operations will require time and commitment. This afternoon, I am pleased to renew that commitment of the Management Board secretariat to that very important initiative.

In closing, I would like to quote from Mr. Archer's report: "Given the apparent commitment from senior staff...over time, the necessary improvements in the quality of work produced would occur." I am confident that will transpire.

Mr. Chairman: Thank you for an interesting paper. It comes the week before we will be meeting with the Comptroller General of Canada. Since there appear to be some differences in the way in which you see your individual roles, it provides us an interesting background for our meetings with the Comptroller General.

Mr. Archer, would you care to comment, first of all?

Mr. Archer: I am certainly in general agreement with all of the statements made by the deputy. I think the general thrust is that we, together with the central agency, Management Board in particular, and the internal auditors' council, are all united in trying to improve the performance of audit generally throughout the government. The differences that we have, if any, are minor, and certainly we are all working towards ironing them out.

Any further comment I had best reserve, to make in connection with any questions or comments that members might have.

Mr. Chairman: For the sake of members of the committee, it was suggested earlier that we deal with it in three parts: substantial improvement in formal structures and systems, deficiencies in the process of internal audit and the scope for improvement in level training and utilization of audit staff.

Is it your pleasure to divide it into three parts, or do you wish to deal with it as a whole, as the paper presented to us deals with it in a form of gestalt rather than in those three categories? What is your pleasure? Do you have any comments on that?

Mr. Carrothers: Why do we not try to divide it up as best we can.

Mr. Chairman: OK. Realizing that there is some overlapping, we will try to start off with the first category, namely, the substantial improvement in formal structures and systems.

Mr. Carrothers: Mr. Sloan, I want to circle back on this reliance issue, as you brought it up in your statement. I was interested to note that the Provincial Auditor did say he felt he could not rely in all circumstances on the internal audit. I noted in your comments that you discussed some of the differences there might be between the needs of the Provincial Auditor and an internal auditor.

I also noted from your explanation that the auditors report to the deputies; they are the ones who receive the results, I guess, and the ones who would have to rely on it. In your discussions with some of the various deputies, since you have indicated they agree with many of the comments in the auditor's report, did they feel they could not rely on some aspects of their own internal audits at the moment, or were they confident that what they were getting was indeed reliable?

Mr. Sloan: When asked, and asked by me personally, in my individual discussions with the deputy ministers, whether they can rely on their audit branch and their auditors, with no exception the answer was yes.

This committee among many others knows abundantly clearly that there are problems unearthed by internal auditors, but the internal audit community serves the deputy minister, and I had no sense at all from the deputy ministers that they did not have full confidence in their internal audit community within their respective ministries.

I do not say that personally. I have discussed it individually with the deputy ministers, particularly the deputy ministers who are involved in this particular audit of the Provincial Auditor.

Mr. Carrothers: Following along on the relationship with the Provincial Auditor, it has been my experience in the past in undergoing audits that the external and internal auditors often interchange; if the external auditor finds difficulties, he sometimes comments to the internal auditor on those problems on an ongoing basis.

I was curious if that type of commentary might be ongoing as the Provincial Auditor looks at a particular ministry and may be determining some difficulties. Do you know whether they have been commenting to the deputies on an ongoing basis? I see we are seven years from the last audit of your particular process, but the Provincial Auditor must be into the ministries on a more regular basis. I wonder if there is any commentary back and forth that you are aware of.

Mr. Sloan: On the particular points the Provincial Auditor made in this report?

Mr. Carrothers: On this, or maybe on these or any others. It was just a curiosity I had about whether the two might be co-operating. It has been my experience in the past that there often is that. That is why I was wondering.

Mr. Sloan: I think it is fair to say, Mr. Archer, that there are ongoing discussions within the ministries, particularly by your staff and the deputies' staff, and yourself and deputies, when you are in their ministries on individual audits. In the case of the audit in front of us, in dealing with internal audit and the functions of internal audit within ministries, there was not discussion that I am aware of during the audit with the deputy minister.

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Mr. Archer: I just might add to the original point that you raised. Page 33 of our report, the second paragraph addresses specifically, I think, the point you are raising. There we mention that we found that "the officials to whom directors of internal audit report understood and appreciated the role of internal audit. However, while approximately half were pleased with their internal audit branches and felt that they were effective, the remainder were not totally satisfied with the quality and effectiveness of internal audit...." And they go on to indicate some of the concerns that they had.

The internal auditors do not in all cases report to deputies; they report to lower levels. So that what we say here does not necessarily reflect the view of the deputy but certainly the view of the individual to whom the director of internal audit reports.

Mr. Sloan: Can I comment on that? One of the difficulties that I had in addressing that particular point the Provincial Auditor made is that it is obvious it is general and not specific to a ministry. Hence, when I got the report, that is why I asked individual deputies to make sure that they personally, or at least their senior staff as a minimum, met with the Provincial Auditor, because the report is not specific to individual ministries. Therefore, it was my view that the best approach was to have individual ministries get down to the nitty-gritty with the deputy minister on these concerns.

Obviously, the Provincial Auditor said that some staff were not totally satisfied with the audit branches. I cannot comment on that other than, as I said at the outset to your initial question, that the deputies have indicated to me very clearly that they have the confidence of their internal audit branches. That does not mean that, like in any other organization or branch in another function of a ministry, there may be need for improvement in certain circumstances, and I do not discount that.

Mr. Chairman: Is it not possible that some of the unhappiness may in fact be because the internal auditors are actually performing their jobs very well and certain management people do not like to hear the truth but would rather have a soft audit?

Mr. Sloan: I presume that is a possibility.

Mr. Chairman: We can always rationalize that it is the other guy's fault rather than our own.

Mr. Archer: I for one would not support that statement. I do not think that is the situation at all.

Mr. Carrothers: Your comment struck a chord for me as a manager who had audits. I always preferred to have a slightly less rough going over.

As a final question, since we are dealing with organization, my experience has been that internal auditors report not to the individual departments in an organization but, I guess, to the chief executive officer more. I do not know if that analogy completely applies to the government, because here it seems that in fact the auditors report to each individual ministry instead of to you really and you provide support.

I noted that there was a previous task force which had recommended some centralization of the internal audit function. I wondered how that had been dealt with since that report, whether you felt the organization was sufficiently centralized or whether my knowledge may in fact be incorrect for a government audit.

Mr. Sloan: I was not in my present position then--this is not a copout, because I am going to pursue your question--but it is my understanding that the recommendation in the 1980 policy review, in dealing with the whole area of centralization, was indicating that at that time, in the 1970s in particular, audit functions in ministries were all over the place. In other words, there were not necessarily audit branches but audit functions in a division of a ministry, here, there and everywhere.

The decision by the then Management Board on that policy was to choose not to centralize at the centre, but to centralize within ministries, the audit function, and giving high emphasis on the importance of internal audit and an internal audit branch, so that it was centralized within ministries and that it did report to the deputy minister, if not directly on an organization chart, at least indirectly.

That has been cemented somewhat by the fact of the very effective audit committees that are chaired by the deputy minister. That is the interface between the director of internal audit and his staff with the deputy minister, where they sit down at least annually and set out their annual plans for the ministry, strike priorities and assess conclusions of audits through audit committees and take steps to rectify any situations that need to be rectified. One could say that in some cases in ministries the director of internal audit does not report directly to the deputy--that indeed is true--but the interface between the internal auditor and the deputy is carried out weekly in some instances, depending on the scope of ministries.

Mr. Chairman: May I just do a follow-up on that? I do not have anybody on my list. Your statement on page 18 leads nicely to Mr. Carrothers's question.

The Comptroller General in Ottawa would see two functions, perhaps even three functions. One is acting as a facilitator, which is what you do, going in and training and making sure people understand what their function is. Second, he would also go in and randomly monitor and try to correct problems. As a third function, he would even act in a way as a policeman, "Let's catch the thing before the Auditor General comes in here and deals with it." Is it fair to say that if there is a problem with a ministry, you see that the only way of really catching it, if the internal auditor does not deal with it, is that the Provincial Auditor deals with it?

When a problem has been identified, when a ministry obviously is not doing satisfactorily what you have indicated it should be doing in the bottom paragraph on page 18, do you see any role on your part of correcting the situation? Or is it merely pressure from the Provincial Auditor and that the deputy minister in ministry X does not want to appear before the standing committee on public accounts and be roasted in the media and therefore that is the check, that you have no responsibility?

Mr. Sloan: No. Indeed we do have a responsibility. I believe we do have a role and responsibility. Let me attempt to clarify that. It is part of the process. I think there have been great advancements made since we have been able to more clearly set out policies to deputy ministers. I am referring now to our new manual of directives which also has, for most directives, companion guidelines. The foundation of our organization is that there is a clear understanding by deputy ministers of the policies, the mandatory requirements and the compliance to government's policies.

That is one thing; then tie that to the role of internal audit and the function we have just discussed, which the internal audit community and the internal audit branches have with their individual deputy ministers; and our role, as I have attempted to outline here in my opening statement. What I did not say in my statement is the further role Management Board plays in all of that, to ensure that there are controls and that there is compliance over and above the internal audit community role and the major role of the Provincial Auditor. Management Board, in my view, has that next step and is doing just that.

Until a year ago, Management Board required that specifically for internal audits the deputy minister came to Management Board and reported annually on his internal audit plans and the results of those plans for the previous year. That got the board into noncompliance, why there was noncompliance, and a follow-up to the noncompliance.

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We have now just initiated ministry management reviews, which we are starting in April. Ministry management reviews will be accountability sessions of the deputy ministers individually with the Chairman of Management Board. One major topic of that accountability session with the Chairman of Management Board will obviously be internal audit--their roles, their achievements, their directions and that they have a system in place. Where they have not complied, I can tell you one thing for sure. The Chairman of Management Board will be following up, in his ministry management reviews with the individual deputy ministers, on what steps have been taken as a result of Mr. Archer's current report. There is that check-and-balance mechanism in place.

Mr. Chairman: The stage then is that if there is noncompliance by a ministry, the Chairman of Management Board does what? He goes to the Premier?

Mr. Sloan: As part of an ongoing performance review of the management of a ministry, yes, reports stemming from ministry management reviews are made to the Premier.

Mr. Chairman: Then the Premier acts as the heavy, supposedly.

Mr. Sloan: No, not necessarily. I am using the example because deputy ministers are appointed, as you well know, by the Premier. As part of a performance evaluation, that report obviously goes from the Chairman of

Management Board to the Premier. Before a deputy comes to an accountability session, it is right in the directives that where a deputy has recognized that there has been a noncompliance--he may find that out not because an internal auditor has been into one part of his ministry, or the Provincial Auditor--it has come to his attention that something is wrong, then it is mandatory as well that the deputy minister advise the Secretary of Management Board that this has gone on and what steps he has taken. That is documented. There is that check and balance.

Mr. Chairman: I would like to pursue that during estimates.

Mr. Adams: I wonder if I could talk to Mr. Archer for a while. On this question of the relationship between your role and their role, which is the system level that we discussed, I have some sense here of the teacher grading teachers. I do not know if I have that for the first time, because previously we had auditors on this side and an auditor on this side. One of the things they suggested was that there should be more uniformity in order that your office can audit them better. Do you accept that these varied ministries should have internal audit systems which are more uniform between themselves in order that your office can more easily deal with them?

Mr. Archer: I suppose in essence it comes down to that. Basically, the problem is one of trying to make the overall audit performance in the Ontario government as economical and as efficient as possible. We want to avoid, wherever possible, our office coming in and retracing the steps of an internal audit organization because then we are just duplicating the same work. But in order for us to do that, when we come in and look at an internal audit coverage of an area, we have to be able to look at the evidence they have, look at the audit program they developed, look at the documentation on what they did--the findings, observations and conclusions--and satisfy ourselves that yes, they have followed generally accepted auditing standards. If we can satisfy ourselves on that, then we will just accept the work of the internal audit. We will leave the ministry or go on and do some other area we are interested in where perhaps an internal audit has not looked at.

That is the area in which we are trying to arrive at some general acceptance of standards. All we are expecting of internal auditors is that they follow the standards laid down by their own institute, the Institute of Internal Auditors, because their standards are the same as ours. As external auditors, we follow those of the Institute of Chartered Accountants of Ontario, but they are essentially the same.

In most cases, we have found that the internal auditors are not doing that. They are not following these generally accepted standards, or if they are, they are certainly not evident from the material or the documentation that they have shown to us.

As indicated in the deputy's opening statement, some of the internal auditors--relatively few--have objected to the requirement that they adhere to the standards of the Institute of Internal Auditors, on the basis that they are too stringent for their particular operation, that they are not necessary in order to do the job the deputy expects of them. That may well be, but if they are expecting us to come in and rely on their work and therefore avoid the duplication aspect and promote efficient and economic use of audit resources, then there is no choice; they have to follow those standards.

Subsequent to our report and discussions with Management Board people and with the internal audit community--we have had many discussions with them

since the issuance of our report--I think they have come around as a group to agreeing that while following those standards and documenting according to those standards may not be necessary in order to satisfy the needs of their own deputy, they have a professional obligation, really, to follow the standards that their own institute issued. If they do that, then we, as an external auditor, will find in many more cases the ability to rely on their work.

Mr. Adams: If I could follow up, perhaps I am missing something, but one of the things I think your report on your procedures has shown is that this audit business is much more subtle than an accounting procedure. This value-for-money expression that is in here and the mention of the fact that other than accounting people, for example, are being hired to conduct this type of audit suggest to me that it is quite a subtle and varied procedure and, as a result, these are very diverse organizations. Can we then expect that they be relatively uniform and still be imaginative and effective?

Mr. Archer: Yes, I think so. The generally accepted auditing standards are very broad; they are not job-specific. As the deputy points out, the Institute of Chartered Accountants of Ontario is currently grappling with issuing generally accepted auditing standards for value-for-money auditing as opposed to the traditional financial and, to some extent, compliance audit.

What they are developing will in this final product vary little from the generally accepted standards that they now have for financial auditing because they are so broad. It is an audit process. First of all, you have to determine what you are going to do, what you are going to look at, the scope; you have to document that; you have to document the planning aspects, the work that you have done, the findings that you have uncovered and how you have arrived at your conclusions. All of that is basic to auditing, no matter what kind of auditing, whether it is value for money, financial or whatever.

It is that aspect, that they are not documenting it. We cannot say categorically that they are not going through this process, but there is no evidence that they are. Until there is evidence that they are and we can satisfy ourselves that it is good evidence, then we find that we cannot rely on them. We have to go and do the work ourselves.

Mr. Chairman: Mr. Sloan, I am sure you want to respond, but I wonder if you would respond in the light of your definition.

Mr. Adams: Mr. Chairman, I was going to switch the question to Mr. Sloan.

I would be delighted if you were to do so, but I was simply going to put it to you that my instinct would be, and I know nothing about this procedure, that a centralized approach would be inappropriate. That is a personal point of view. I like some flexibility. I can see the value of an internal system with proper controls by your branch and, ultimately, proper controls by the Provincial Auditor.

Would you care to comment on that sort of thing? By the way, one thing I have learned this week is that auditing is more than controls. I noticed in your last answer you stressed controls a great deal and I understand why, but it seems--and there are some phrases in your remarks here--the audit process is to maximize opportunities as well as controls. I wonder if you could comment.

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Mr. Sloan: I will come back to what I said in my statement with respect to the whole area of reliance, vis-à-vis the internal auditors and the Provincial Auditor. It is my view that it can be appropriate in some instances and not in all instances. I think it is something we should strive towards, but relating to your comment that ministries are different in makeup, composition, operations and functions. Therefore, a deputy with a mandate to ensure that he has an efficient and effectively run ministry, in working out his annual and long-term audit plans with his auditors, has his own priorities, sets his own priorities and requires results.

That then leads us to the comment of the Provincial Auditor on examining the files and the paperwork, as far as process is concerned, and processes for many internal audit branches within the government are different and do not necessarily have a complete paper trail, for one reason or another. I think in this audit it would have been interesting to close the loop between the audit of the audit branches in the internal audit and the process, with the results and the expectations with the deputy minister.

Mr. Adams: I would like to follow up on the deputy minister later. If any of our deputy ministers were to come into this room now and sat here for a half-hour, would they automatically know more than I did when you started about this process? In other words, by the time they get to that level, can we be confident they understand this sort of thing that we are discussing now?

Mr. Sloan: I would say, yes.

Mr. Adams: Mr. Archer, is that your sense? Do they understand the audit process, in the sense that we are discussing it here? All the deputies?

Mr. Archer: Oh, I think they do. Speaking of progress in the past seven or eight years, I think the appreciation and understanding of internal audit by deputy ministers has increased tremendously.

Mr. Chairman: Mr. Sloan, I think part of the confusion surrounds your statement on page 28. You say, "Standards for reliance must be defined." Is it not fair to say that what the auditor looks at may be limited or broadened by the deputy, but how he looks at it is well defined; there are defined auditing practices. Therefore, I am confused by your statement that they must first be defined, since there are definitions laid down by the Institute of Internal Auditors. You can have a decentralized system and someone else can have a centralized system, but the basic principles by which you audit would be the same in either a decentralized or a centralized system. You may disagree with the definition, but you cannot say that it has not been defined.

Mr. Sloan: Not to avoid your question, but may I ask Allan Rae to comment on that.

Mr. Chairman: Mr. Rae.

Mr. Rae: Just to refer to the phrasing on page 28, it refers to "mutually acceptable criteria and standards for reliance". The words "mutually acceptable" are significant in that, while the Provincial Auditor laid down certain very broad standards and criteria in commencing his audit of the internal audit branches, they were not discussed as such with respect to their

applicability, I believe, with the internal audit directors. If one party says to the other party, "I am going to judge you on certain standards or criteria," there has to be some sort of agreement on that, I believe.

The audit standards we have--and we have talked about the CICA standards for value-for-money auditing and about the Institute of Internal Auditors professional practice standards--are very broad indeed. In the Provincial Auditor's report, actually, I think his findings go beyond those standards themselves into questions of work process, which are not really covered in the standards. They are questions of interpretation of the standards, but they all become part of the standards for reliance.

It is not clear on the part of many of the internal audit directors exactly how the Provincial Auditor arrived at his opinion on the acceptability of their work from his detailed findings. There is a link there that is not clear.

Mr. Archer: I think the disagreement is not nearly as widespread as may have been indicated. I can recall only two ministries that took exception to the approach or the conclusions we arrived at. But perhaps Mr. Mishchenko could comment more specifically.

Mr. Mishchenko: The key thing in Mr. Rae's comment is the criteria used to make an assessment. Our criteria were laid down at the beginning of the audit and discussed with every single director of internal audit. We had their concurrence that these criteria were acceptable, and we were going to be looking at these areas in the operations of their branch.

It is also curious that four out of 15 branches were able to meet those. I do not know how they were able to do that if they have a real problem understanding what the standards for internal audit are.

The other situation is that we have had discussions with numerous directors of internal audit, and from what we can see, there really is not much disagreement that these standards are valid. They are the pronouncements of the Institute of Internal Auditors. They have been accepted and adopted by the Ontario Public Service Internal Auditors Council, so I have difficulty in understanding why they would have a problem with the assessment we made.

Mr. Rae: We are going on the opinions that have been expressed to us by the directors of internal audit. I do not know if the committee wants to get into the question of standards. I can certainly read the kinds of standards that both OPSIAC and the Provincial Auditor used. Again, I reiterate the fact that these are very broadly based standards referring, for example, to the need to keep adequate working papers.

I think what the Provincial Auditor did in his audit was to go beyond those standards to say, for example, that there had to be some sort of documentation of control systems at the start of the audit and so on. This kind of detail, this procedural detail of the work itself does not really form part of the standards.

Mr. Chairman: I think we are beginning to define where the difference is. Do you at least agree that the deputy ministers did agree to the audit standards set down in advance by the Provincial Auditor? I take it you agree that is a matter of fact.

Mr. Rae: I really do not think the deputies saw the audit standards--

Mr. Chairman: Rather, the directors agreed.

Mr. Sloan: The directors of audit branches presumably did. There was no contact with the deputy minister.

Mr. Chairman: So you have agreement on that. What you are saying, and I want the Provincial Auditor or Mr. Mishchenko to comment on it, is that the auditor went beyond those standards which were agreed upon. Can we have comments from the Provincial Auditor on that point?

Mr. Archer: Nick, could you comment on that?

Mr. Mishchenko: I do not think we had much dispute at our exit meetings with the directors of internal audit. We did have a meeting with every single one of them after our review was complete about their particular branch and the deficiencies we noted. I can say, and I do not want to use the percentage because it really would not be fair, that there was general acceptance that the deficiencies we noted in the work being done by their branches were valid. In many cases they were already concerned about those things themselves, as you outlined in your own response here.

There was no discussion or dispute that these standards were not valid, as far as I can recall, except for maybe a couple of instances. It seemed as though everybody understood the rules of the game when we went in there and nobody disputed them after the audit was complete. So I do not know, Allan--

Mr. Rae: I think maybe part of the problem in closing the loop is that they did not understand how you got from your findings to your opinion on whether you would rely on their work.

Mr. Mishchenko: If we concluded that the work as documented was not sufficient and did not meet professional standards, I think the conclusion is pretty easy to reach from that. You do not have to be a mindreader.

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Mr. Chairman: Comment from Mr. Alfieri on that?

Mr. Alfieri: Mr. Chairman, perhaps by way of clarification, I think what the internal auditors were concerned about was not the fact that they did not agree with your findings, nor that they did not accept the audit plan as you articulated it to them when you commenced the audit. Their concern was that, you know, after your audit is completed and they agree with your findings, then the issue of reliance comes about, whereby you feel that you cannot rely on their work. All they are saying is, "We would love to be able for them to rely on our work, but let us sit down and get an appreciation of the standards that are required to do that."

Now, we know the standards are there but, as has already been indicated here, they are fairly broad, so let us make sure that we both understand what the expectations are so that next time you do an audit, they will be in a position to comply and understand the standards. It is not a question that they may not be around. There was a feeling that, you know, it is seven years since the last audit was completed, and during that period of time, obviously, many audits were conducted. If there is a feeling that--

Mr. Pouliot: Whose job is it to tell them, with the highest of respect?

Mr. Chairman: It sounds to me as though you have just admitted that the auditor is right.

Mr. Alfieri: We do not disagree with the standards. What we are trying to encourage is the opportunity for the internal auditors and the Provincial Auditor to sit down and mutually come to an understanding on what these expectations are around the standards. We want to foster that, because we ourselves believe that, as much as possible, there should be compliance, there should be reliance. It may not be possible to achieve it in all instances, but we feel it can be achieved in the majority of instances. But all we are asking is that the rules of the game be understood by everyone.

Mr. Chairman: Mr. Jackson, do you have a supplementary?

Mr. Jackson: A supplementary, Mr. Chairman. Whose job is it to advise the internal auditors of that? Whose responsibility is that? Is that Management Board's? Is it the Provincial Auditor's? Is it the deputy minister's? Whose job is it to advise them of that?

Mr. Sloan: To advise them of? I am sorry Mr. Jackson.

Mr. Jackson: We have had three different versions of what the misunderstanding or the difference is. Whichever one you want to choose, that point of misunderstanding or the lack of opportunity, whose job is it to ensure that that occurs, that that be corrected?

Mr. Sloan: It is the deputy minister's to do that, and since we have been made aware of it, it is our responsibility as well to ensure that it takes place.

Mr. Jackson: OK; that is what I thought.

Mr. Sloan: Is that OK?

Mr. Jackson: And for the four ministries where they were not directly reporting to the deputy minister, what have you specifically recommended to overcome there? I cannot recall out of your 37 pages.

Mr. Archer: I think that figure of four, we looked at 15 internal audit branches and there are four instances--

Mr. Jackson: Four, all right; I am sorry I mentioned four. There are several ministries where they do not report directly to the deputy minister, they report to someone else within the ministry. I heard you indicate that.

Mr. Sloan: Yes.

Mr. Jackson: OK. If it is the deputy minister's responsibility to ensure that this meeting of the common ground between the auditors occurs, the Provincial Auditor and the internal auditor, what have you specifically recommended? That the deputy ministers who were not previously intimately involved be now intimately involved? Is that what you have recommended?

Mr. Sloan: Yes, except that what I did also say is that even though there are not, in an organization chart, direct reporting relationships in some instances, by using your figure of four, of directors and internal audit, they indeed do report indirectly to the deputy minister, because he chairs the audit committee that does the plans, both short term and long term, for the internal audit of his ministry.

Mr. Jackson: One final supplementary on that point, Mr. Chairman. You are satisfied, then, that all deputy ministers are in compliance and agreement and understanding that that is their role?

Mr. Sloan: Now?

Mr. Jackson: Yes.

Mr. Sloan: Yes.

Mr. Jackson: Thank you.

Mr. Chairman: Further questions on this item? I would like to ask you one question on the bottom of page 19, transfer payments. Does this include universities and hospital transfers?

Mr. Sloan: It will, yes.

Mr. Chairman: It will. What is your time frame for getting that in operation?

Mr. Sloan: As I indicated, we are hoping that things will be in place by the start of the fiscal year 1989-90.

Mr. Chairman: And what follow-up will there be done on that?

Mr. Sloan: After it is in place?

Mr. Chairman: Yes.

Mr. Sloan: Well, there will be the same mechanisms that take place when there are audits going on now, but with transfer payment agencies there will be reports made to the deputy minister--for example, the Deputy Minister of Health--for audits of his transfer payment agencies, and those reports will be made available to Management Board.

Mr. Chairman: But the audits will be done by those individual agencies themselves, not by the ministry they received the transfer payment from?

Mr. Sloan: No, by the ministries.

Mr. Chairman: They will be done by the ministry?

Mr. Sloan: Yes, so under the framework being proposed, Health would audit hospitals' operations, for example. For colleges and universities, the same thing would apply.

Mr. Jackson: On page 28 the auditor makes reference to--

Mr. Chairman: I am sorry. Did Mr. Carrothers have a supplementary, or was it a question?

Mr. Jackson: That is why I was waiting.

Mr. Carrothers: I really just wanted to return to that point on standards.

Mr. Chairman: Maybe you will let Mr. Jackson ask his and then keep your point and we will have you right on.

Mr. Jackson: It is just two specific questions with respect to page 28 and the most glaring example of "one ministry which had performed only two audits in the three years prior to our review." Has the auditor identified that ministry to the committee?

Mr. Archer: We can. Can you speak to that, Mr. Mishchenko?

Mr. Mishchenko: It is the Ministry of Labour.

Mr. Jackson: The Ministry of Labour? Maybe I can cross-refer that to a question. Mr. Sloan, you made reference to a ministry which in fact was going to be taking its plan to the auditor.

Mr. Sloan: It was not the Ministry of Labour.

Mr. Jackson: Which ministry was that?

Mr. Sloan: The Ministry of Government Services.

Mr. Jackson: If I could come back to Mr. Mishchenko, then, could you expand upon your findings within the Ministry of Labour?

Mr. Mishchenko: With respect to?

Mr. Jackson: The point noted in the report.

Mr. Mishchenko: Basically, we found that the Ministry of Labour, because of numerous factors, was probably not performing as many audits as it should have been in the three years we were looking at. Part of the problem was inadequate staff, seconding of staff from internal audit to go into other areas of the ministry, just losing staff. Those are probably the key reasons. They just did not have the capability to do the audits they had planned.

Mr. Archer: I might add that that was one of the ministries where we met specifically with the deputy minister. The deputy minister undoubtedly knew since the time of our audit--he is a long-term deputy minister and well conversant with the need to have a good internal audit. He certainly convinced us that he will be taking steps to improve the situation.

Mr. Sloan: I can confirm that because I have indeed talked to the Deputy Minister of Labour. In fact, at the time of the audit, if I recall correctly, they had an acting executive director of the finance and administration branch and an organization that has now been reorganized somewhat since the new deputy came in, with high emphasis on not only internal audit but also other matters.

Mr. Jackson: I do not wish to get into personalities. By and large, Ontario has outstanding deputy ministers. That is not the purpose of my asking the next question. But it would be apparent to the auditor, if he were sitting down with a deputy minister, that he would be talking to him about, in many cases, his predecessor's management. However, there is occasion where the new deputy minister is assuming a ministry where there are perhaps even more severe problems or the need for greater compliance than in the ministry he left. Was the auditor sensitive to those points? Were you that specific in your discussions with the deputy ministers in terms of their prior experience

and the experience to which they are now responsible for managing for their minister?

Mr. Archer: Certainly, to the extent that we felt it was necessary. But in this particular case--

Mr. Jackson: I do not want to be specific. I particularly do not want to be specific.

Mr. Archer: Certainly, generally if we had felt there was a need to apprise the new deputy of the situation he was getting himself into, we would have done that.

1520

Mr. Jackson: I really was looking for something a little more detailed. I mean, who is supervising and assessing the performance of deputy ministers? It would be inappropriate really to expect the Premier to be that responsible for the process, but clearly, when a deputy moves from ministry to ministry, and you have found, because of this year's focus of the audit--I am trying to hear from you that you take a more active role in addressing that. If you do not, who should be, in terms of approaching a deputy and saying: "Look, we have a track record here of several ministries where auditing has not been your forte. Policy at keeping your minister out of trouble has been, and that is terrific. I am sure the Premier is very aware of and sensitive to and even, indeed, appreciative of that. However, as the auditor, I am assessing you as a senior manager in government from your performance in the very narrowly defined auditing area."

If you are not providing that sort of behind-closed-doors, very direct discussion with a senior manager in government, then who is? That is why I wanted to get a sense of how active or how passive a process that was, because I think it is essential that somebody be talking to them in very clear and concise terms with respect to how important they are. If you do it, I am delighted. If you have not been doing it, I would like to hear about who possibly should be. That is why I do not want to get into specifics, because I think you understand the point I am making without getting into specifics. But these are our senior managers. Who is supervising them? When these weaknesses or deficiencies are determined, how are we helping them, as individual managers, to overcome and to improve or strengthen those alleged weaknesses, if I can call them that?

Mr. Archer: Certainly in these meetings that we have with the deputy ministers, we lay all the cards on the table. In any of those, if we felt that a given deputy had not shown the interest or understanding of internal audit in his past portfolios, we would certainly have brought that up.

Perhaps I am being naïve, but in my own assessment of the current deputy minister crop, if you like, that problem does not exist. I think they are newer into the government; maybe they are newer into exposure to the audit regime. But we find that deputies generally in the Ontario government of today are well attuned to audit and recognize its importance. I would be very surprised to find situations in future where it is neglected by the deputy because he is concentrating on other features, such as the one you identified, as maybe just keeping the minister out of trouble.

Mr. Ballinger: See, Cam? It is that new government.

Mr. Dietsch: Not part of the same old gang.

Mr. Jackson: I would not have gone so far as to use the word "neglect," but I am asking how weighted an importance it might have. As you well know, if you track where most of our deputies have come from, they have been internal, by and large, and you have career people. Also, private sector experience is that in difficult times your auditing managers usually rise to the fore. That is a function which happened in our ministries. It happened in the private sector and undoubtedly it happened in ministries in 1982, 1983 and 1984 that these people became more and more relied upon because of the restraint mode which the economy had forced the government into. I am pleased that you are staying with some of those people in this high-spending expansion mode.

Mr. Chairman: Mr. Carrothers tells me that he does not have a supplementary to this, so I do.

In the old westerns that I used to watch as a kid, they praised--

Mr. Jackson: You are not that old.

Mr. Ballinger: They did not have TV in those days.

Interjection: Silent movies.

Mr. Chairman: I do not know why I get these comments from this front bench. If you are so young, why do you have such an old-looking body?

Mr. Ballinger: Everybody said you did not have a sense of humour. I am going to tell everybody they are absolutely wrong.

Mr. Chairman: In the Three Musketeers, in the old westerns, there would be one fellow in the black hat who would say to the other guys in the black hats, "You know, if one of us hangs, then the rest of us hang." In The Three Musketeers it was one for all and all for one. Theologically, it is called the communion of saints or the collegiality of sinners

My question is this--and I am beginning to take lessons from Mr. Cureatz--is there any process that can be developed by which you can have a peer review system or peer accountability system of deputy ministers on this very important issue? If so, Management Board would be the obvious facilitator. How do you bring it about?

Mr. Sloan: First of all, that whole discussion on peer review is a topic that the audit council itself is having discussions on, which we are participating in. I am looking forward to recommendations and further discussions with the council. I am now specifically talking about the internal audit community itself. The discussion on peer review is on their plate at the moment.

Mr. Chairman: When are their deliberations likely to be finished?

Mr. Sloan: I do not know.

Mr. Carrothers: I wonder if we could just move back to something we were discussing. We were discussing the standards and adherence to those and the conclusions one would just draw from that. I just wanted to get my mind clear on what both sides here were saying. I think I heard the auditor's

office saying that they found that certain generally accepted internal auditing standards were not being met and therefore a conclusion was drawn that reliance could not be placed on that audit. Is that a fair summary?

Mr. Archer: Right.

Mr. Carrothers: Mr. Sloan, did I hear you agreeing that perhaps that was not necessarily met in some cases but that the reliability audit was not necessarily impaired, or was there some question as to whether those generally accepted standards might be applicable?

Mr. Sloan: If the Provincial Auditor has the view that he cannot rely on the internal auditors, I have a concern. When one looks at the audit undertaken in this particular case by the Provincial Auditor--and we are talking of documentation primarily. Is that not right, Mr. Archer?

Mr. Archer: Yes.

Mr. Sloan: There is more to standards of audit, and this is what I was getting at when I talked about the complete understanding of what expectations on standards are between the Provincial Auditor and the individual ministries. That is the point I am making. If there is this statement, it concerns myself and it concerns my fellow deputy ministers.

Then you get into the philosophical argument of: "Should there be complete reliance, or do we accept"--and these are discussions that will now be carried out with the Provincial Auditor--"that in some instances it maybe does not make sense that there is a need for reliance, while in other cases it does?" That is what we really want to pursue.

The deputies have indicated to Mr. Archer and obviously to me that we have to pursue that. I feel very strongly that we have to pursue it, because if there is now the impression left on you as members of this committee and others that the Provincial Auditor cannot rely on internal auditors, we want to make sure that gets turned around. That is really what I am very sincerely saying.

Mr. Pouliot: In terms of the organizational structure and mandate, what support and advisory service do you provide to ministries?

Mr. Sloan: First of all, Allan Rae, who is here, and Astrid Fernandes, to use two examples, are totally involved in dealing with supporting and liaising with ministries and the audit communities in ministries. I have listed in my remarks the kind of guidelines and directives that we put out, making sure that the internal audit community is aware of leading-edge practices, etc.

I myself take an active role, and I feel very strongly about the role that I as secretary of Management Board should play with the internal audit community. I meet with the internal audit community through its executive council at least four times a year and as required, to interface with them and to discuss problems as I perceive them or better performance or initiatives that can be taken jointly.

1530

Mr. Carrothers: Just to finish off on this reliance, is what you are saying really that you or your deputies feel that you can rely on the internal

audit, but you accept that, for the differing needs of the Provincial Auditor, you can understand that he may not be able to rely on those audits? Am I getting these two--

Mr. Sloan: No, I am not necessarily saying that. I am saying yes, that the deputy ministers have indicated to me that they can rely on their internal auditors. OK? Mr. Archer has indicated that he can, based on the process and documentation in this particular audit.

Mr. Pouliot: You need better centralization.

Mr. Carrothers: I guess we still do not have anything.

Mr. Sloan: No, no. Just to close the loop on that, if that is left dangling out there without being addressed between the ministries and the Provincial Auditor, then I have some discomfort. I have talked about that to Mr. Archer and we are pursuing it.

Mr. Archer: I think this question of reliance may have gone a little out of perspective here in that, initially, when our audit report was issued, there was a certain amount of expected defensiveness on the part of the internal audit community. Most of our auditors react that way to any adverse audit report, but since that time, it has been six months or so now since we have issued the report.

I think there has been a dissipation of that initial defensiveness and a realization that what we are asking for here is not unreasonable. They, as professionals, should be adhering to the standards anyway. We are only looking for this in the general ongoing audit work of the internal audit where they, like ourselves, plan to cover all aspects of the ministry over a given period of time. In that general area, we think they have to follow the generally accepted auditing standards.

Where they do special jobs for the deputy and for some other executives in the ministry as troubleshooters or whatever, we do not expect that they would follow these standards to the letter because sometimes you cannot do that and still get the job done in the time frame in which the deputy wants it done. But we would not likely be relying on that type of work anyway, on a special job requested by the deputy. When we go into a ministry, we are looking at the regular ongoing work that they are doing in covering the programs of that ministry. It is in that area that we are looking to see that they are following generally accepted standards.

Mr. Chairman: Any further questions from the committee? I think we have moved very conveniently and somewhat smoothly from the first issue to the second issue and we are hitting on the third issue now. If anyone wishes to ask questions on any part of the auditor's--

Mr. Dietsch: Obviously, it is the guidance of the chair that is doing it.

Mr. Chairman: --or the quality of the members who are able to follow this rather complicated matter.

Mr. Adams: Two or three times in the last couple of weeks I have felt obliged to say that I am a government member of this committee. I think you should be aware of that.

Mr. Chairman: They do not do that in Ottawa. Government members hit away at the ministries.

Mr. Adams: Quite. I was not going to say that. As a government member and as a member of the Legislature, I and my colleagues are very proud to be associated with a government and Legislature that has processes such as the ones we are discussing. It is very interesting that here we are as a result of this report, which is the result of a very interesting process--You will agree with that professionally and personally--here we are in the public accounts committee which, by ancient tradition, is chaired by a member of the opposition.

Here we are having this external process, discussing independent, internal processes of the same sort of thing and we are considering whether there should be peer review within your system. This is very interesting, is it not? It gets into who is watching whom watching whom. It is that sort of thing. In a sense here this afternoon, as compared with all our other discussions based on this report, we are at the very limit of that. This is the Legislature. Let us really try to look at the whole system in some sort of independent and public way.

By the way, I want you to know we liked your last statement, Mr. Sloan, the one where you said you were greatly concerned about that particular point, because we are too, and you can tell that the Provincial Auditor is. We want you to know also that we read the praise in this report as well as these criticisms, so we know it is all there. I think, given that little scenario, we are dealing with something that is very critical in government. It is very critical in accountability and, as we said, creativity in government. All of those things are very, very critical.

Of these criticisms that I see in here--the auditor mentions numbers of people available for the internal audit, he mentions quality in terms of the qualifications of people and the training they receive and that sort of thing. But there is also a very real hint in here of a morale problem, if that is the right word, which I think must affect the quality of people working in this particular area.

If I might say, the Provincial Auditor has a very sexy job. I say that because it is very interesting. It must be very stimulating for--

Mr. Ballinger: High profile.

Mr. Adams: No, it is interesting for him and for his colleagues. It has status and so on. We have talked about the deputy ministers, their responsibilities and so on. I am wondering whether some of this quality problem or whatever it is does not stem from the fact that within the ministries these people do not have the prestige, the status or whatever you like that they deserve.

Mr. Chairman: Which one of you three would like to answer that question?

Mr. Sloan: I will start. I guess it is by a matter of degree and looking at it ministry by ministry. When we are talking about status of internal auditors, particularly starting back in the early 1980s, my observations are that where they were not even centralized within ministries, it was a scattergun approach, in essence, from an organizational context.

I think that has been rectified in most ministries, and the Provincial Auditor has indicated that in his report. The deputy ministers hold their respective audit communities in high esteem themselves, with a great deal of reliance. I have seen it. I have done it as a line deputy minister. The key to me was to keep me out of the standing committee on public accounts, to keep my minister out of difficulties in the Legislature, to ensure that my ministry was run efficiently and effectively, I had to count very heavily on my internal audit branch and the members of that branch.

I attempted to reward them with thanks and status, if you will, because they were very important to me and reported directly to me. I think that happens in many of the ministries. They are respected and have status with their deputy ministers, and indeed with the assistant deputy ministers if, as in the cases of some ministries, the audit branch reports to an ADM.

I think the directives that have come out in the last couple of years reflect the importance of internal audit and its functions and therefore should be reflected throughout the audit community in the various ministries in government.

Mr. Adams: Am I wrong about this morale thing?

1540

Mr. Sloan: I do not know, to be very frank with you. I had a meeting with directors of the audit community on that, members of the council, because to say that internal auditors are not motivated did concern us and still does concern us, if it is true. But it is a subjective statement, in my view, to say they are not motivated. In some instances, maybe particular auditors are not motivated. There is a lot of good work done by the internal audit community in this government, and that would lead me to say that the audit community is motivated. But that does not mean to say that some auditors, whether they are directors of audit or just auditors, are not motivated.

I do not know whether I am answering your question. It is difficult--

Mr. Adams: No, you are. That is fine.

Mr. Sloan: I brought it up with the executive of the audit council. I did not sense it in that sampling from the perspective of the directors of audit. I have talked to my deputy colleagues, who are now pursuing it to get a feel for whether there is a real motivation problem or, using your terms, a morale problem in the audit community.

Mr. Adams: It becomes very important with a group like this, because they are not necessarily welcome.

Mr. Sloan: Not necessarily.

Mr. Adams: Just following from that, even from your remarks--

Mr. Sloan: I do not think the Provincial Auditor would agree with that, though.

Mr. Adams: Not welcome by everyone.

In regard to your experience in line ministry, from the Provincial Auditor's report, there are an enormous number of informal outcomes, or

whatever the expression is in here. There must be. This is a fairly formal outcome of it, but all sorts of things must happen as you people are trying to avoid getting in here, and things like that. OK?

As you described it in your line ministry, these people were reporting to you and you were using them and, by the way, very satisfied with what they were doing. Were a lot of those informal outcomes and, as a result, they do not appear in the formal processes the auditor is talking about? I am not saying it is desirable that they should be, you understand.

Mr. Sloan: Some of it happened that way, yes.

Mr. Adams: And as a result, by the way, they would not get the kudos, as it were, in the general community for that because, in fact, they have avoided the problem before it appeared or whatever.

Mr. Sloan: Except that where the kudos come is that each year, at least annually if not more than that, when the internal auditor is reporting his findings, as is happening in this forum, only in that case it is within the ministry and he has done his audit plan in specific areas of the ministry and is reporting his findings or lack of findings, then there are kudos, if you will, back to the internal audit community within that ministry. That happens frequently as well. Or they have found something, recommended measures to be taken to correct it and corrective measures indeed are taken. So all of that goes on during the year within a ministry.

Mr. Adams: I appreciate your talking about it.

Mr. Sloan: In the case of the Provincial Auditor coming in to do a provincial audit in a specific area of a ministry, Mr. Mishchenko earlier used the term "exit interview." There is a lot of discussion after the formal audit of a specific function in a ministry between the Provincial Auditor's staff and the staff of the ministry. A misunderstanding, a misinterpretation, for example, is clarified. A lot of that goes on in each individual audit.

Mr. Adams: Your secretariat clearly realizes this is an absolutely critical area of government we are talking about.

Mr. Sloan: I have very strong views on that.

Mr. Chairman: There is a supplementary by Mr. Pouliot and then Mr. Ballinger is on the list.

Mr. Pouliot: Mr. Sloan, in this report and comments, the Provincial Auditor is rather specific under the heading of motivation, when he talks about the staff involved in audit. It is generally recognized that they have the expertise but, on the other hand, do not quite "produce" to the level that such expertise would command.

I am referring to the auditor's remarks that work performance was being impaired by low motivation of staff which arose in part from inadequate supervision and review of the audit process and the working papers, limited career paths within specific audit branches and limited mobility within the government-wide audit community and into areas outside of audit, limited scope to reward good performance and limited action to penalize poor performance. You addressed some of those concerns.

I am wondering, because time and time again the matter of resources or

the number of staff comes up. Do you feel that you have sufficient or that you need additional audit staff resources?

Mr. Sloan: In ministries?

Mr. Pouliot: Yes.

Mr. Sloan: That is a difficult question and that is why I have committed to review, in the context of the Provincial Auditor's comments, whether there is a shortfall in audit staffing complement within individual ministries. Mr. Archer and I have discussed that--I do not want to misquote you, Mr. Archer, so jump in--but it is not necessarily his view or my view at the moment, that it is a lack of complement numbers of auditors in ministries. In some cases that might be legitimate.

As you have seen the increase in staffing in the audit community, we have had deputies come forward at estimates time requesting an increase in complement in their audit staffing. We have not had a stampede, but there have been allocations of increased complement in the audit community.

I am not avoiding your question, Mr. Pouliot, but it is one that we are pursuing with the deputy ministers. If there is this indication that maybe there is a shortage of resources, we want to find out why it is, or is it a matter of how things are being operated within individual audit branches.

Mr. Ballinger: I want to follow up. I think Mr. Adams hit the heart of it. This is our second week here. We have talked about microwaves, we have talked about a whole host of other things that have transpired in expenditures of public funds over the last--was it seven years?

Mr. Archer: Over the past year.

Mr. Ballinger: Sorry; I have been here too long today.

The interesting thing, from my perspective sitting here, this is probably the best exchange I think we have had from a technical point of view as far as auditing goes. I must tell you, I almost felt like a customer who walked onto a used car lot, and you were trying to sell me a car and he was trying to sell me a car. Who is going to sell me the car? I think Mr. Archer twiggled on it with the term of "reliance," and Mr. Mishchenko's response about what the Provincial Auditor requested was, to coin a phrase, "normal, acceptable accounting practices."

Mr. Archer: Auditing standards.

Mr. Ballinger: Auditing standards. I guess from my point of view, with absolutely no auditing background whatsoever, but being a member of the Legislature and of this committee, I will not say you were defensive, but you and the other gentlemen certainly gave me the impression that what was being explained may be your understanding of acceptable auditing practices and theirs were different.

I think when Mr. Adams talked about what we are doing here on behalf of the government, to me that is the crux of the whole thing. If the individual ministries are not specifically overseeing, using again normal practices, then the job of Provincial Auditor and our job becomes extremely difficult, especially when you start talking about reliance.

If, in fact, the Provincial Auditor comes in and he looks at the process and says, "Here are some specific recommendations," it is natural for a ministry to be defensive. All of us here collectively are the same way, especially if someone tells me I did not fix the pothole and I am sure that I did, but maybe I did not. My immediate response is, "I fixed the pothole, or at least I thought I did."

Mr. Pouliot: On a point of order, Mr. Chairman: It has been a heavy afternoon, we have learned a lot, therefore the point of order. I quite disagree, with respect, that if the shortcomings in this instance are not corrected--

Mr. Ballinger: No, no, no; our job--

Mr. Pouliot: Collectively maybe, but not individually; my job becomes, indeed, easier. I just wanted to make that point.

Mr. Ballinger: Oh, I agree. I mean, you are on the other side. You are going to have a heyday over this.

Mr. Chairman: I am not sure that is a point of order.

1550

Mr. Ballinger: What we are doing here, and again Mr. Adams hit the nail right on the head, this to me is the nub of public accounts. If, in fact, in your capacity as sort of overseeing of all the deputy ministers as it relates to this, if there is not some sort of common front here, then what are we doing? What am I doing here all day listening to you two guys banter about the difference of philosophical opinion?

Mr. Sloan: Frankly, with the greatest of respect, I do not think Mr. Archer and I are at all bantering.

Mr. Ballinger: I did not mean that in any disrespectful way.

Mr. Sloan: No.

Mr. Ballinger: The conversation was going quite well here and my head was going back and forward like this.

Mr. Archer: I think the issue of reliance got blown a little out of proportion. Really, there is general agreement among ourselves, the central agency, Management Board and, truly, the internal audit community, the Ontario Public Service Internal Auditors Council, their own council, that improvements are necessary, and they are going to go about making them. We had a few differences of opinion when our report first came out, and maybe there is a simmering of that that still exists, but I think everybody has accepted it and is ready to move ahead.

Mr. Chairman: I have a question on the professional development of auditors. Are you, as Management Board, able to focus on a particular ministry that may be weak in the audit function and allocate additional resources for the training of the internal auditors in that ministry, or is this purely the responsibility of the deputy minister?

Mr. Sloan: Yes, it is.

Mr. Chairman: It is entirely the responsibility of the deputy.

Mr. Sloan: Of the deputy minister. It is not a common occurrence, but when it comes to our attention that there is that shortfall, then it is our responsibility to ensure that it is rectified or that steps are taken to alleviate the lack of training and development given to internal auditors in a specific ministry.

Mr. Chairman: Do you feel that Management Board has any role in assessing the extent to which individual audit directors may require training in management skills such as motivation, staff development, etc.? If so, what is your role in that?

Mr. Sloan: I think our major role is to ensure that there are training and development opportunities available for them and that the deputy ministers ensure that they take advantage of those. The corollary to that, however, is that the human resources secretariat, the other side of Management Board, is working with the human resources directors within ministries, not just tied to internal auditors but to other facets of human resources management within ministries, in identifying training needs, and audit would be one.

Mr. Chairman: As you well know, I can go on ad infinitum on training, because that is my professional background. Part of the training is not just what we would call formalized training but also the setting out of a career pattern that will give an individual opportunities for growth and development and stop him from stagnating in a particular position. Are you working through the secretariat on career patterns to (1) keep valuable personnel from going off into industry because they feel stagnated and (2) develop them so that they do not simply stay in the same ministry doing the same thing, gradually becoming less and less effective as they become more and more automated and more and more of a shell doing routine sorts of procedures?

Mr. Sloan: Yes, the human resources secretariat has initiated a program called strategies for renewal, which is planning for the people within government. One aspect of strategies for renewal is that a human resources plan is now mandatory from ministries, and they are submitted to Management Board through the human resources secretariat.

A lot of good ministries have good human resources plans, training, succession planning, but now every ministry has to table, through the human resources secretariat, a human resources plan that gets you into skills profiles, gets you into training and development, gets you into succession planning. So ministries now are getting involved in succession planning, training and development, identifying people who have executive potential, for example, or executives who have potential for further advancement.

That is in its infancy, but there is now a mandatory commitment that there is a plan filed which is going to somewhat, in my view, get at the point you are making, which is very valid.

Mr. Chairman: One of the very real problems that personnel managers have often is that if they rely on the managers to recommend who gets the training, the manager will often recommend the least competent because he does not want to lose a valuable person to another ministry, another department or another manager. Have you dealt with that problem, and what do you do to encourage auditors to go from one ministry to another, so that kind of holding pattern is less likely to happen?

Mr. Sloan: I have not done anything formally as Secretary of the Management Board. But more informally, for example, that very topic has been discussed by me directly with the audit community and with the deputy ministers. Again, you have hit on an area that I feel very strongly about in the audit community, that we should be taking advantage of people who have been in the audit community to get them out into the program areas of government so that you get that cross-fertilization.

In the same vein, this is being done in a couple of ministries. The Ministry of Health, if I recall, is doing this. They are putting management-level people in through audit to then move up as part of a career plan for their staff. That is the kind of thing that is starting to accelerate and is being promulgated. I have, for example, at Management Board secretariat been able to recruit--not on a secondment basis--a member of Mr. Archer's staff. We have just appointed a new director in our programs and estimates division who happened to be an audit person in the Ministry of Correctional Services.

We are trying to foster that kind of thing. That is only a minor part when you look at the numbers in government. I have found that a lot of deputy ministers are indeed doing that, not just for the audit community but throughout the ministry. To be parochial again to the Management Board secretariat, we take advantage of being able to second people from ministries--sometimes auditors, sometimes not auditors--to get them experience in the central agency and then back into ministries, and probably into different ministries, and into a program responsibility area. Some of that is really going on.

Mr. Chairman: I have one last question. Does your plan also include the secondment into private industry and into crown corporations or is it just interministerial? In the United States, you notice a great amount of that. The downside of it is that the taxpayers pay for all the training and then, once they are really well trained, they end up getting bigger bucks in private industry and private industry has not paid the shot of the training.

There is also a positive side, namely that they are able to gain valuable experience with whatever agency they happen to go to or whatever business they go to.

Mr. Sloan: I do not think we take full advantage of the agencies that we have within the umbrella of government to get people in line ministries experience in agencies or, vice versa, people working within agencies of government, let alone in the private sector. Some of that is starting to happen.

Mr. Chairman: I see no further questions. As you can see, this really is a nonpartisan committee. Some of the toughest questions you had have been from members of the government side today and I am sure that we will be looking forward to the progress and some of the initiatives you are taking.

Mr. Sloan: I thank you and hope we have been of some help.

Mr. Chairman: There is a meeting of the steering committee in one minute.

The committee adjourned at 4 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
LIQUOR CONTROL BOARD OF ONTARIO

THURSDAY, FEBRUARY 25, 1988

Morning Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Johnston, Richard F. (Scarborough West NDP) for Mr. Pouliot
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Consumer and Commercial Relations:
Gibbons, Valerie A., Deputy Minister

From the Liquor Control Board of Ontario:

Ackroyd, Jack, Chairman
Pitura, Len F., Executive Vice-President
McLelland, William, Acting Vice-President, Retail Division
Toran, Henry M., Director, Durham Warehouse, Products and Distribution Division

From the Office of the Provincial Auditor:

Amrite, Dinkar P., Director, Justice Branch
Archer, Douglas F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, February 25, 1988

The committee met at 10:09 a.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
LIQUOR CONTROL BOARD OF ONTARIO

Mr. Chairman: I am going to record a quorum. Mr. Johnston is on his way, so we will start immediately. We have before us section 5.2 from the the annual report of the Provincial Auditor for 1986-87 concerning operations deficiencies of the Ministry of Consumer and Commercial Relations.

We welcome Valerie Gibbons, the deputy minister, and from the Liquor Control Board of Ontario, Jack Ackroyd, the chairman, and L. F. Pitura, the executive vice-president. We also have L. Yazejian. Is that correct?

Mr. Yazejian: Yes.

Mr. Chairman: He is the acting director of general audit. Mr. Ackroyd, if there is anyone else whom you feel like calling at any time--and that holds true, of course, for you, Ms. Gibbons--feel free to do so. I understand that neither the deputy minister nor the chairman has any opening statements. Is that correct?

Ms. Gibbons: No. Mr. Ackroyd will have an opening statement, after which we will all be prepared to respond to any questions from the committee.

Mr. Chairman: So it is just a printed statement, which we do not have. OK.

Ms. Gibbons: We have them available, I understand.

Mr. Ackroyd: I have some speaking notes available, if anyone would like those.

Mr. Chairman: OK. Would you like them handed out before or after you have made the statement?

Mr. Ackroyd: It makes no different, but I am quite prepared--

Mr. Cureatz: We would like them before.

Mr. Ackroyd: If you would like them before, it is quite all right.

Mr. Chairman: Fine. I wonder if you would be kind enough to give those to the clerk. We will hand those out and then, after they have been handed out, you can commence your statement.

We are dealing today with essentially four matters. I would like to group them into three: those issues dealing with inventory--the issue of poor inventory management, too many bottles and the right brands, as one category; the Durham warehouse operations comments by the Provincial Auditor; and the overstaffing of stores.

Not having had a chance to read your statement--I still want to call you Chief Ackroyd--

Ms. Gibbons: We all do.

Mr. Ackroyd: That is a long time ago.

Mr. Chairman: Mr. Ackroyd, you have broken them down into the same sorts of categories, I gather.

Mr. Ackroyd: I do not have them in that order.

Mr. Chairman: You do not have them in that order. All right. We will hear all of your statement and then we will deal with them in these categories.

Mr. Ackroyd: Yes, sir.

Mr. Chairman: Fine. If you would care to--

Ms. Gibbons: Go ahead.

Mr. Chairman: I gather the deputy minister has no comments at this time.

Ms. Gibbons: No.

Mr. Ackroyd: Thank you, Mr. Chairman and members of the committee. Your chairman has introduced two of my staff. I have three other staff with me whom I would like to introduce as well. Bill McLelland is here from Ottawa. He is the acting vice-president of our retail operation, over all of our stores. Our vice-president got taken into the hospital yesterday unexpectedly and was not able to be here. Henry Toran is here--he is the director of the Durham warehouse--and also Richard Foster, who is the director of product purchasing. If I am unable to answer some specific detailed question, I may refer it to them.

Mr. Chairman: When we deal with those specific topics, maybe you can ask them to come to the microphone and sit beside you.

Mr. Ackroyd: All right.

I want to start off by introducing the general management issue, which is obviously touched on by the Provincial Auditor. Reflecting back, I guess to January 1987, our minister at the time, the Honourable Monte Kwinter, did announce and gave me the authority to proceed to hire outside consultants to review all of the aspects of the liquor board and its operation. As you are well aware now, the firm of William M. Mercer Ltd. was selected on a public-tendering basis to do that job.

There were several modules to the management review. One of them included the management capacity of the organization. We also looked at our human resources, our customer service, our marketing, our security and our listing and delisting procedures and also at these issues of staffing and the inventory problems.

Their management review really led to a major reorganization of the liquor board in November 1987. Pretty drastic surgery, I think is the way I

would express it. Three executive vice-presidents left the organization, two on early retirement and one who returned to the government was on loan. The seven vice-presidents were reduced to six in the organizational structure and only three of them retained their positions. One district manager was released as well. In the management of the organization as of last November, the top 10 people were reduced to three as far as being in those positions.

Since then we have put a whole new management structure in place. We have seconded Len Pitura, on my right, from the civil service as the executive vice-president. He has come in to perform a role similar to what you may refer to as that of a general manager in the organization.

We are very active at the present time recruiting people. We are looking for a senior vice-president of operations to take over merchandising, the retail operation and the warehousing operation. We want to bring that person in from the outside to bring in the badly needed skills in inventory management and retail.

We also have to hire a new vice-president of human resources. We have to hire a new vice-president of finance and administration and a new vice-president of merchandising. We also require about five directors in the reorganization. Some of those will be internal and external competitions.

Also, in the reorganization. the staff at the chairman's office at my own level has been strengthened. We have added a policy and issues management unit to my own personal staff. The general audit of the organization has been moved up under the chairman's staff, the communications and public relations, and also now freedom of information and the legal department.

The government has also complied with the recommendation of our consultants to strengthen the types of people who sit on the Liquor Control Board of Ontario and to bring in people with experience in the type of business we are in. We were very pleased on the board to see Richard Sharpe appointed to the liquor control board. He is the chairman and chief executive officer of Sears Canada and obviously brings a wealth of experience in the retail business to our board. There is one vacancy to fill at the present time, and we hope the government will fill that with, again, someone with suitable experience in the type of business that we are in.

I think the stress of our whole reorganization will be on the quality of the performance of the organization to become a cost-effective retailer. We also hope to build all new performance appraisal systems into the organization over the next year, with greater stress on managing our human resources.

I guess what I would really like to stress here is we really do need some time. Here we are, as I say, almost stripped clean at the top management level, looking for all of these people. Len Pitura, who is here today, has been with us two months, and I must compliment him on the energy he has devoted to this and how he has taken hold of this job in two months. He has just done an outstanding job. I am very pleased to have him on board. But we do need more people to bring on board to bring about the cultural change that is needed.

The other thing I want to comment on is the trend in society with respect to the beverage alcohol business, because I think it does affect some of the things you are seeing in the bottom line and what is happening in dollars.

Our spirit sales are down. They have been down for some six years--maybe flat in the last year or with a slight increase if you take into consideration the cooler market in spirits. The big profit item in the liquor business is spirits, with the markup that is on spirits.

The sales are up on our low-profit items. When you look at the tremendous growth of the cooler business, with a 40 per cent markup and some 10 million litres of coolers now being sold, it is a big percentage of our business. Really, what you are seeing is that salary costs are up and profit margins are narrowing.

It is interesting when we talk about the changing world we live in and beverage alcohol. I was at a national meeting last year speaking as the president for Canada, and one of the speakers was predicting that by the year 2000 we would see 1,000 products on the shelves in liquor stores that have not even been invented yet.

Mr. Bronfman himself said that we are now living in a world of beverage alcohol where it is becoming the flavour of the month. You are seeing that type of thing. Mr. Pitura and I met with a distiller the other day showing us new products that he hoped to bring on stream in the next couple of months with pineapple and kiwi and all these types of flavouring in them; so some of the predictions we are hearing about obviously are appearing on our desks.

Look at the growth in the schnapps market, the cooler market. They are projecting big growth in things like cordials and premixed drinks.

1020

We have also conducted an employee attitude study in our organization. Even with all the problems we have had, I found the employee attitude study extremely promising. There is a very positive attitude by our employees. They are very pleased about the changes going on and excited about new change and quite ready to take on additional responsibilities.

Quite recently, we awarded a point of sale contract in the neighbourhood roughly of \$20 million, again, to bring the liquor control board into the world of a modern retailer. Our analysis of that is that it will be cost-effective in approximately seven years.

We are in the process of developing new financial information systems. We have gone through two modules with Coopers and Lybrand to review our present financial systems, which are adequate. They were quite frank. They thought we needed new staff to go into the future, that we did not have the people on board it would require to take us into the future. That is why we are recruiting people in the finance and administration area.

What is key here is that we have to have information a lot more quickly than we are getting it. We are now sometimes two or two and a half months to the time we are getting sales data and data on inventory and these types of things.

A customer survey was recently done by an outside consultant, Angus Reid. We learned from that survey about how the people of Ontario feel about the liquor board, that there is tremendous satisfaction with what is happening. They like the new changes being made; they seem to like Vintages; they like the concept of full-service stores, they like the concept of mini-stores, they like the fact that our employees now are receiving training

in product knowledge and customer service. Many of the things we are doing seem to be appealing to the people of this province.

The two main complaints from our customers are pricing, which I think we understand, and the other, which rather surprised me, was parking. Looking back at the survey being done in December, a month in which we normally double our business, one might understand why parking was a problem that month.

That reflects on some of the things coming out of the consultant's report. I would now like to zero in on some of the key issues coming out of the Provincial Auditor's report. I think we have started. I really do feel, ladies and gentleman, that we have a long way to go. I have grouped them, as I said, a little differently to your chairman. I want to start off with our retail operation.

The Provincial Auditor found two areas of great concern, excessive store inventories and overstaffing. In reference to the ordering and forecasting procedures which the auditor refers to on page 125, we do not have any disagreement. We now have ensured that all our stores are following these proper procedures on ordering and forecasting the products they bring into the stores. We have developed a video to go into the stores to train our people in proper ordering and forecasting of sales. We have also put together workshops for our staff to deal with this problem.

Mr. Pitura is working on having our manuals completely revised and updated on ordering procedures for the stores. The quotas by brand, by store, are being revised to remove the slow-moving brands. That is being tested in some 20 stores and seems to be working quite effectively. We have a good start going there.

The inadequate monitoring of inventory levels was reviewed with the consultant. I think where we erred here is that we set a very high service standard for the people of Ontario. We target somewhere in the neighbourhood of 97 per cent or 98 per cent of keeping the brand on the shelf. Obviously, that is far too high.

The consultant is recommending we develop some type of taper chart. We also learned from our consultant, something which is true I think in all retail businesses, that 20 per cent of our products do about 80 per cent of our business. Our target will be to have these tapers I referred to, where our top selling brands will have a very high service level. It may be an in-stock position of 98 per cent or 99 per cent on the top selling brands; a range in the middle may be a much lower standard; and getting down to slow-moving brands, somewhere in the neighbourhood of 80 per cent or 85 per cent of an in-stock position.

The only caution I have here is that this always has a tendency--not defensible, but I think one has to remember that does hurt the little person, the person who is just starting in a business, the person who is trying to get going as an agent, the small winery or the small distillery. These types of service standards will hurt those people. We have to be aware of this as we move into that area.

I think the criticism of the Provincial Auditor on page 130 that we do not have any formal criteria for staffing is very well founded. I have absolutely no criticism of that. We have set terms of reference for review. I have contacted most of the controlled states, to look at their plans for

controlling staffing and got information from United States monopolies and other Canadian monopolies. We are targeting on about September or October 1988 to have a process in place to try to monitor the level of staffing we have in a store.

I do not think this is an easy job because there are a variety of stores. The workload in the store where you own the property and the parking lot may be different from that in the store you run in the Eaton Centre, for instance, where you do not have a parking lot to look after. One has to look at the different sizes and types of stores and come up with a plan that deals with criteria for staffing. But I believe it can be done and we can do it within the year.

One also has to deal with the issue raised by the Provincial Auditor about our assistant managers. I have asked a lot of stores about this. I get a variety of responses, so we have to look at this and assess whether we need the position and whether we can remove all of the assistant store managers, one in the stores that have two and one in the stores that have only one, and not replace them. I think that is 140-odd jobs. It is difficult to accept overnight that we could just eliminate all those people, but we obviously have to look at it because, as I said, it is a very valid criticism as to the staffing of our stores.

Also in that particular area, the auditor makes reference to converting D stores to agency stores as a saving. We do not disagree with that, but I indicated in my response that while the issue of beer and wine in the grocery stores was not resolved, it would have been wrong to proceed in that area, to put an agency into an area and then, next week or next month, put beer and wine in the grocery stores and find that you put the person in business one day and maybe hurt his business the following week or the following month. I think that issue had to be resolved.

We are now working very closely with government officials to come up with a plan, one of looking at new locations for agency stores, expanding the program, and then a plan of converting our D stores. We accept that criticism and are prepared to do something about it, but it will require government approval.

I just jotted something into my notes that is not under the headings. Some two years ago, in looking at the board, we saw an issue where there was almost literally no training, nothing on customer service and nothing on product knowledge. I think when you talk about store staffing, when you increase this area and start pulling people out of those stores and sending them into training programs and teaching them about those things, which the people of this province and our customers seem very happy with, it also then adds to your staffing problem, because you bring in more temporaries to replace those people while they are out on training. We do not show in any way where we are using those dollars for training. When one looks at our staffing, one just sees the entries. I would like to bring that to people's attention as well.

Dealing with the other end, where you mention the warehouse, page 126 of the Provincial Auditor's report makes reference to the excessive warehouse inventory. The only problem we have here is the amount. We do not have anything to prove that we may think it is lower, but again by proper ordering systems and proper forecasting systems and with new levels of customer service, we will be able to pull that inventory down.

I think when one talks about areas of \$70 million in excessive inventory, from the public standpoint, as the Provincial Auditor quite correctly pointed out, we are talking about the interest on that money, when we are dealing with any loss to the provincial Treasury, of some \$6 million or \$7 million, even if we reduced the entire \$70 million in inventory.

We are monitoring our inventory levels. We have been doing that for about the last six months. We feel it is starting to go down. Actually, what we find ourselves in is almost the worst period of time in the year to be attacking the problem. I had someone show me a bit of a taper chart the other day. I will try to explain it.

1030

When you build up the inventory to get ready for the Christmas month, when sales are double those of a normal month, and for the winter freeze-up, what you would like to do, of course, about late October or early November, is to bring in all the inventory that will last you through the winter, det it into the warehouse, particularly from overseas, because of your problem with heated containers and getting things across oceans and from countries in the world.

Even with our \$100-million computerized warehouse, we could not bring in all that inventory in that short a period of time, so we have to start and back up, in all probability into late August or early September and work on the buildup for Christmas because of the capability of receiving it in all those lines under that new modern warehouse. It takes a period of time for the buildup and, of course, we went through that getting ready for just last December and this winter freeze-up.

We also planned on 14 border point duty-free stores being opened. The federal government had a plan in position to do that. We got the inventory in ready to move into that because one-litre sizes are carried in duty-free stores that are not carried in our stores. Again, with the program being stopped halfway through, we got stuck with the inventory in our stores for those duty-free operations.

Last year, when we were in the process of our vintages stores, our wine boutiques, we found ourselves in a very poor inventory position. We had a lot of complaints from the public. When we built up, we built up too much and got ourselves into an overstocked position. Those two items alone, in our estimate, have put us into about \$12 million; that overstocking is just for those two issues alone.

We are targeting, on our first cut at cutting inventory in our warehouses, to not have more than three months stock of any brand in the warehouse at any one time. That is our first cut at it and we are targeting on that. In our domestic stocks, we have even taken our coolers--this is our low markup item at a 40 per cent markup which takes up a tremendous amount of space. When the summer is over, the sales drop off by 60 per cent to 70 per cent. We have a lot of inventory, so in order to reduce our inventory, we are returning a lot of that stock to suppliers.

That deals with the warehouse, except that I think we have to continue to carefully monitor it and bring it under control and we have to do that within the next year.

On page 129, the Provincial Auditor refers to 550 delisted brands

sitting in the system. Quite frankly, we look bad on this issue. What happened is that one of our senior people left the organization. He had handled this system of getting delisted brands out of the warehouse and into our on-sale position and getting rid of them. To use the phrase, it fell between the cracks and got stopped. The only thing I can say on the pleasant side of that is that as of February 22, the last of those brands went on sale. Once that sale moves out, and it will move out very quickly, all of those 550 brands that were delisted should be on sale or sold. That has been going on ever since the Provincial Auditor drew this to our attention.

Mr. Pitura and I were at a meeting in the last week in January and we delisted another 131 brands out of our system. After the appeal time is up, of course, they will immediately fall into our discount procedure and go on sale and be removed from the system.

At this point I reflected on the last year. It was interesting to note that with our listing and delisting, and with all these new products coming on stream, we added 286 general products to our listing in the last year. The moment you add 286 products to your system, and 161 of those were domestic products--most of them here in this province--you immediately have the buildup of inventory to put them into 200 and some odd stores and stock your warehouses. It is difficult to be trying to get your inventory down with all these new brands coming on stream.

The third thing, and I think this may be in order, is that you asked me to talk about the efficiency level at Durham warehouse. Just to give you a little background, when I came to the Liquor Control Board of Ontario in 1984, I found myself in a position with a warehouse of \$100 million that had come in under budget by some \$5 million, but with a great deal of difficulty in startup. They tell me, and I have talked to people such as the people in Canadian Tire who have built these computerized warehouses, that this is not abnormal. When you go to a state-of-the-art technology, fully computerized warehouse, to hope that it will come on stream and be 100 per cent efficient the first day is asking a lot.

We seemed to run into a lot of difficulties with it. We were more than a year behind schedule in opening and its efficiency rate was very low. We started off shipping to some 10 stores, had problems, had to slow down our process of adding stores and had a great deal of difficulty. We brought in an outside consultant to help us and there is a resident engineer now to try to help us with the problem. I think the news in the last few months has been the best we have had since the whole program started.

Our efficiency level has ranged between 92 per cent and 95 per cent for nearly six months now. When I say that, I do not think we will ever get much above, say, 97 per cent. I do not think you are going to be 100 per cent. You have human beings working on pick cards. If they make a mistake, you are going to have them taking a product off a shelf; you are going to have a problem. I do not anticipate 100 per cent efficiency but it is up fairly high and can go a little higher.

For the first time in eight years, we had no delays in getting our Christmas buildup out to our 622 stores. The system was designed to handle 50,000 cases of shipment in a one-day shift. On several days, we have hit a level of over 49,000, so it is working to the specifications of the volume it can ship. A safety co-ordinator has been appointed out at the warehouse. I

earlier mentioned the buildup. The receivables came in well, with very little difficulty.

The auditor is critical of the increasing number of stores we serve. He is absolutely correct when he says we have targeted 360 in the specifications for the warehouse, but I think to have gone from 10 to 360 when you knew you had problems and knew it was not working efficiently--the end result of that would have been almost disastrous if we could not get the products to the stores and it was not working properly and efficiently. We are up to 241 stores now. We have nearly 120 to go and if this level of efficiency continues, we will gradually bring those on stream. I cannot fault the staff for not moving as quickly as they did to all 360 stores until such time as we feel comfortable it is working at the level it should from an efficiency standpoint.

I will conclude by saying that we are committed to bringing the necessary resources on board to do the job. We are committed to getting our inventory and staffing under control and justifying what we have. Within the next month, Mr. Pitura will be producing, for the board, his business plan for the following year.

At this point, I will open it up for any questions you may want to put to me. If I cannot answer them, if they get into some level of detail, I may require some of the staff to address them.

Mr. Chairman: I take it from your comments that you have basically accepted all the criticisms of the auditor, with the exception that you do disagree with some of the figures he used.

Mr. Ackroyd: I have no trouble. I have publicly stated and I would say here that I cannot say whether he is right or wrong. The auditor quite correctly points out that we may not agree with \$70 million or \$80 million in excessive inventory, but I cannot tell you how much we are over. We have given some figures in our response which our staff is calculating. If we put the proper ordering tables and taper charts in place and follow those guidelines, we are certainly going to find out what level we can get that inventory down to. I may be proved 100 per cent wrong. It may come down the whole \$80 million quite easily. I just have some scepticism that we will reach that far down. I do not know whether you would find that disagreeing.

The other area where I have had some concerns and have voiced them is that the auditor indicated they went into seven or eight stores and asked about a job of an assistant manager and heard those could be eliminated and not even replaced. I would want to study that very carefully. It is not a matter of saying they are wrong. I just have a little difficulty with that.

I went into some 20 stores. Like the auditors, I did get a variety of questions. I heard managers say to me: "I do not need an assistant manager. I would be better to have another clerk, so now I can pick whatever clerk I like to relieve me." I said, "Could you do without your assistant manager?" I never could find many who would say, "Yes, I am willing to give him up and I do not need a replacement." I think that is normal. I never found any police station I went in where anybody was willing to give up a policeman. You have to come up with some criteria of what that staffing should be from a management standpoint.

1040

The only other area where I am disagreeing slightly with the Provincial Auditor, and maybe I am not, is that it is unfair, as I said, to ask the board and the staff to have gone to 360 stores with that warehouse and create the chaos of getting the wrong products to the stores and not getting what they ordered. That would have been far worse than our holding back on moving to the number of stores it was designed to handle until we felt satisfied it was working efficiently. I am repeating myself. Those are the three key points that come to my mind.

Mr. Chairman: Thank you. Does the deputy minister have anything to add to that?

Ms. Gibbons: I will just add, and I am sure this is something that you are all aware of, that an audit is in fact a management tool. It is a tool that allows the team, in particular the team at the LCBO, to engage in corrective action. The LCBO and the senior management have received the report and initiated action, either investigatory or corrective, in each of the areas that is identified. In my mind, that is exactly how an audit ought to be used.

Mr. Chairman: I am going to ask the members of the committee to confine their initial questions to the inventory issue.

Mr. Adams: I am quite impressed, as far as this room is concerned, with the difference between now and yesterday afternoon. Yesterday afternoon, we were looking at the audit systems in all the ministries. We were looking at what the Provincial Auditor, who is one of our watchdogs, had said about the other of our watchdogs, and we are a sort of watchdog committee. We considered that to be one of the most sensitive things we have done these last several weeks. There were no media here at all. Now you appear. I do not know if it is you, Mr. Ackroyd, or the area of interest, but the media arrive.

I noticed, when the report was published, the amount of attention your operation received. In our briefings, I observe the auditor has given you a good deal of attention in previous years and I assume you got similar media attention. Do you think that is affecting your executive staffing?

Mr. Ackroyd: From a media standpoint--I have said this to them and I say it here--if one looks back over the last 12 months and looks at the total media picture, I think the liquor control board has had exceptionally good press. Yes, we have had some criticism from the Provincial Auditor, and well-founded criticism. But we had our 60th anniversary. I get all the clippings from around this province. I may be a little egotistical but I would put us on the score of having an exceptionally good press. The public seems to be extremely happy. If I was under some false illusion, when I read Angus Reid's customer survey done across this province, I picked up the same feeling from that. The liquor control board is an issue that always attracts a fair amount of media attention, and understandably so; it is a very controversial issue.

Mr. Pitura: Maybe I can add to the chairman's comments. We will be having interviews for one position in another week. The calibre of people we have applying for one of the positions is very high. Experience is very good. Quite frankly, the converse--a lot of people like the challenge and certainly our organization can provide the challenge in some areas. We are, so far anyway, getting a lot of interest in the positions we have open.

Mr. Adams: I asked that as a preliminary because of course we are dealing with inventory. It seems to me, from the briefings we have received about the auditor's previous reports, that in the 1980s there has been some sort of revolution in inventory management. I say that in a general way, and it is not simply to do with computerization, although computerization has been a key to it. It has been in the way inventories of all sorts are managed. My best knowledge of that has to do with the Autoplex and just-in-time concept. I realize in this area you cannot exactly use that.

I asked about the attention you had received and the executive staffing because I was wondering if you feel that the organization, including the warehouse operation, has been caught at a very difficult time and has not been able to cope with these new concepts of inventory management.

Mr. Ackroyd: Again, I think the fault is more that we did not have proper tables and proper guidelines for people in managing inventory, ordering inventory and forecasting. I am not sure that I would see it as just a people problem at the warehouse level.

The second thing I have already indicated, Mr. Adams, is that we have an agent who has a product. If we run out of stock on that product, that phone rings. For example, last year I had a gentleman who had four Australian wines and we ran out of stock. We immediately ordered it. The time frame for ordering and shipping that wine from Australia allowed, I think, about a three-day window to get it on a boat. If we miss the boat we are going to wait another month, so you can see the windows of opportunity when you are shipping from places like Australia and New Zealand and you are bringing wine from all over the world.

As I say, I do not think we had the proper systems in place to deal with making those orderings at the right time to keep the inventory at the right level. I think we tried, as I indicated, to have too high a service level. We were targeting on having 97 per cent and 98 per cent of all our products that are listed in that store on the shelf all the time.

Mr. Adams: Using the Autoplex, if, even 10 years ago, someone had said, "We are down to the last 1,000 fenders and there are no more in the warehouse," there would have been someone fired. There would have been a panic. Nowadays it is perfectly normal. Somewhere else someone is producing fenders and they just arrive.

I simply put that to you. Are you at that level of thinking? I understand the problem with liquor and that distribution is a very different matter with fenders. I understand all that. Are you at that level of sophistication in dealing with inventory or do you hope to reach it?

Mr. Ackroyd: As I say, when we bring new people in who have experience in these areas--I mentioned the senior VP who we hope to bring in from the outside world--who will have that kind of knowledge and expertise, we can reach those levels of better inventory control.

Again, though, and this will be a personal comment--I do not know whether you will share my view--having been in this world now for three and a half years, when I talk to people who are not in a monopoly position in beverage alcohol, the states in the United States where there are no monopolies, and then I meet with the controlled states, it is amazing the difference in the public attitude. If they walk into a privately owned wine store in New York, they are not the least bit upset if you do not have 30 or

40 products. When they walk into a government store under government control, the people seem to expect a much higher level of service because the government is running it. I am not here to defend that, but I think that seems to be a pretty consistent public attitude.

Mr. Adams: I understand some of the difficulties of your position. You were developed to cope with the post-prohibition era and, I think, in many ways you have been doing that very well.

Mr. Chairman: Mr. Pitura had a comment.

Mr. Pitura: I was just going to add to the chairman's comments. You can have the best systems in the world but if you have not got the people and the culture to use those systems properly, nothing is going to happen. So one of the first things is to get the people rehearsed and understanding what high inventories mean and the impact on our bottom line. It is just as basic as that.

Our vice-president of distribution went through all the warehouses in January and spoke to groups of 50 people or less to try and convince them, to make them understand what we are trying to achieve in all these areas of inventory management. It is that sort of basic learning and understanding, coupled with better systems. I think that in the next couple of years we will have much better control over what we are trying to do.

The other thing I would like to point out is that just the other day I received the annual report of the Quebec equivalent to LCBO. Based on the information we got, our inventory turnover is roughly 4.8 times in a year and Quebec's is 4.2. As the chairman mentioned earlier, this is another attempt to see how we compare with other similar organizations in a controlled state or province.

These are things we are going to learn from others. I understand British Columbia has a good system of inventory control. We are going to make sure we see what we can learn for them and that sort of thing.

Mr. Chairman: Mr. Cureatz, on the first two items.

Mr. Cureatz: Refresh my memory in terms of the first two items that you wanted to cover.

1050

Mr. Chairman: The first two items are those dealing with the inventory. The second item is the Durham warehouse which you may have more interest in. I would be happy to put you on the list for that.

Mr. Cureatz: I was wondering, since we have only an hour left and I do not want to take too much time and I do have some questioning that is logical and sequential, would you consider my beginning with the Durham warehouse?

Mr. Chairman: I will put you first on the list for the Durham warehouse.

Mr. Cureatz: I take it that is a no.

Mr. Chairman: I said yes.

Mr. Cureatz: Having had the opportunity of serving in various positions in which you now serve, I can appreciate the decision and I will abide by your comments. We will centre in on inventory.

Mr. Chairman: Not inventory in the Durham warehouse.

Mr. Cureatz: No, which is going to be difficult, I might add.

There seems to be a catchphrase in this committee now, that is, state-of-the-art technology. I have found in the standing committee on public accounts that as soon as I hear the words "state-of-the-art technology," there is a dollar sign that automatically comes to my mind, and that dollar sign is \$100 million.

We had the opportunity of the Ontario Provincial Police being present, and its state-of-the-art technology for its new communications system, estimated at \$25 million, is up to \$100 million. Now you have indicated, in terms of the state-of-the-art technology for the Durham warehouse, about which I will be asking further questions, but this relates to inventory, that it is \$100 million to build this.

Mr. Chairman: The longer the questions go on this item, the less chance you will have on the Durham warehouse.

Mr. Cureatz: The third point in my preamble is that the warehouse is \$100 million. Now the excess inventory is somewhere around \$100 million, and that is all because of the state-of-the-art technology.

I am wondering, in terms of the board's approach to inventory, whether the decision, which I know you were not part of--and albeit the Conservatives were the government at such time when a decision was made in terms of holding inventory in a large place like Durham--whether hindsight has proved that possibly inventory generally should be kept in smaller warehouses across the province as opposed to the large warehouses.

It seems to me that for \$100 million, it would have been cheaper if we could have had home delivery service where people could phone a local warehouse and have a LCBO person deliver the particular brands to their homes. I do not think it would cost \$100 million. I am wondering whether in terms of hindsight the approach to inventory might have been better served by smaller locations and more locations as opposed to a large one.

Mr. Ackroyd: First of all, to clarify it, it is not the only warehouse in Ontario.

Mr. Cureatz: I appreciate that.

Mr. Ackroyd: As you are well aware, we have warehousing in London and we have warehousing in Toronto.

Mr. R. F. Johnston: The Durham warehouse was another one, the one we are not discussing.

Mr. Ackroyd: We also have warehouses in Thunder Bay and Ottawa.

Obviously, it is our main focal point of bringing product in from around the world. I was not there when the dollars and cents and the criteria for developing or building the Durham warehouse were set, but I have never heard

anything in the three and a half years I have been here that would make me want to criticize or say in hindsight, "If we could do it over again, I would do it differently."

I go out and look at Alberta. I guess everyone knows we are the largest monopoly in the world. There is no other monopoly in the world selling close to us. We will be in the neighbourhood of \$1.9 billion worth of sales this year just in our stores alone. If you add another \$1.3 billion from the breweries in this province and \$45 million from the Ontario wineries, you are talking a monopoly here with a total business in beverage alcohol of over \$3 billion.

Not to have a state-of-the-art warehouse to handle that, a \$100-million warehouse with 39 trucking bays--I think Mr. Kwinter described it one day using a good word. He said it is awesome to watch it functioning. To ship 50,000 cases a day in eight hours and receive 30,000 cases--I believe that is the volume--even at that level and that magnitude of the state of the art, we have to start two and three months in advance to build up for our Christmas and winter freeze-up.

So I would have difficulty criticizing the construction of that warehouse. As I say, what I found fairly normal in a lot of systems similar to the one I head up--I am not familiar with what this gentleman is referring to in the audit, but we are talking about a police communications system. I was involved in building communications systems in police forces. We were the first ones in Canada to bring in an enhanced 911, and we had our difficulties. It took us a good year and a half to get the bugs ironed out of that system and make it work properly.

I am not surprised. I talked to the head of Canadian Tire, which did the same thing. They said: "Jack, we would never have tackled it in the magnitude you did in the sense of doing it all at once. We built it in pieces. We built certain sections and kept adding on and adding on, because of the technology difficulties in bringing a state-of-the-art warehouse of that type on stream."

Mr. Cureatz: In moving the inventory from the large warehouse to the local stores, there has been criticism, which I think you adequately covered in your opening statement in terms of the demand for varieties by the public and it being difficult to handle the kind of inventory that is requested.

That being the case, I am not feeling comfortable about the businesslike and professional approach in looking at the marketing standards and what is hot today in terms of purchasing. Could you comment on that?

Mr. Ackroyd: If I understand your question, you have some concerns about the marketing standards?

Mr. Cureatz: The marketing approach, to try to anticipate what the inventory buildup should be, both in ordering it in thousands of cases for all your warehouses and then getting it to the local stores. The follow-up to that would be whether you are centring in on the local communities. I am not asking specifically about Oshawa or Toronto, but more like the Niagara Peninsula, south-central Ontario, northern Ontario. Do you take that kind of approach in terms of anticipation of what the market is bearing and the buildup of the appropriate inventory that is required?

Mr. Ackroyd: As I have already indicated, I think where we have fallen down is in our forecast and ordering procedures. I think we can greatly improve that and get much better inventory control.

If you are addressing the issue of additional products--and I am not sure that is what you are alluding to--I mentioned 100 additional products in the last year alone. The moment you take 200 new products into a new system and guarantee someone so many stores, the amount you have to order to what we refer to as fill up the pipeline--you have to bring it into the warehouse, ship it to 150 or 200 stores you put that new product in and have sufficient there that if the product does extremely well, you have inventory there to carry it. We have been running at a very high service level in that area.

Mr. Cureatz: You indicated yourself the billions of dollars this monopoly has. I am wondering if in the past things have slid a little bit in terms of a businesslike approach, because it seems so easy to be able to sell booze in a store, and no one has been centring in on concentration in terms of the manner and method of selling liquor.

I know we have come a long way. We have the kinds of stores that are available for stock being placed on the shelves, but I am thinking in terms of the next step, and that is the professional marketing approach. Do you think in hindsight, with liquor and beer always being so easy to sell, with such a large monopoly, that you have missed the more businesslike, professional approach in trying to tailor your product to specific markets across the province?

Mr. Ackroyd: Basically, the philosophy we have to adopt in a retail organization like ours is that we are customer-driven. We supply what the customer wants. If the customer is wanting a product, we have to supply that.

As far as getting into marketing and merchandising, I think there is a very delicate balancing act to play in my position here. Periodically, I have said publicly that I feel a liquor board is built on three pillars, profitability, customer service, but a social concern as well. Beverage alcohol is an area that anywhere in the world is of great social concern.

I think, as a government monopoly, we have to move very carefully. You may all want to disagree with me, but my personal view is that I would not want to see us in a hard marketing or hard merchandising program aimed at trying to sell more beverage alcohol: big displays, sales, sale of the month, buy a case and get a bottle free. I am not sure the people of Ontario or the people of Canada are quite ready for that. Again, I am giving you a personal opinion based on my experience.

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Mr. Pitura: I might just add that having said that, we do have wine consultants who provide a service in stores now and we have an image program that--if you have been in our stores in the last couple of years--reflects the change in the inside of the store from sort of a very sterile environment to a much more welcome and open environment.

We send our staff to product seminars to learn more about what they are selling so they can answer the questions of the customers. That is sort of an in-store approach to try to bring our staff into that state of professionalism so they can help the customers select coolers and schnapps and things like that, which are getting into the marketplace, and the wines from around the world.

Mr. Cureatz: Mr. Chairman, I would like a further question in regard to store locations but I could very niftily bring it in under inventory.

Mr. Chairman: I am sure you can bring it in under the next item even better, so I am going to ask--

Mr. Cureatz: I thought I would be polite.

Interjection: You always sneak your 10-minute preamble in anyway.

Mr. Chairman: Miss Nicholas.

Miss Nicholas: I was going to do a supplementary to your question.

Mr. Cureatz: It is all yours.

Miss Nicholas: But I forget what the question was, back when I did it.

As one who shops at the liquor stores and sort of looks around at what I can afford and what I can do, I must admit I walk right by the liquors and zoom in on the liqueurs. I go to my Drambuie and Cointreau, and if I do not have enough money for those, I fall back on Triple Sec and Irish Mist. I have now told you all that I am interested in drinking, in case you want to know for Christmas.

Mr. R. F. Johnston: This is widely known.

Mr. Cureatz: You are welcome to get copies of Hansard to distribute in your riding.

Miss Nicholas: Thank you. But as I get there and it is not there, I am very disappointed because then I am in a total dilemma. There is absolutely nothing else I like, besides wines. I am pleased to say that usually one of the four is there.

Mr. Chairman: We now know what the standing committee on the Ombudsman--

Miss Nicholas: Will be drinking on Monday. That is right.

But what I want to know in terms of shelf space, is this a market much like the grocery market where the more shelf space you have, generally speaking, your product may sell more? Is that related in this? If you have a higher inventory of a certain product on the shelf, is it going to sell more?

Mr. Ackroyd: I think that is true. We have looked at a lot of shelf management programs and we are well aware that when the product is at eye level and a greater number of facings, obviously that is going to affect sales of that product. We have got into and experimented with some shelf management programs. The issue I mentioned before is also one of my concerns, though. If I give the top sellers all the best shelf space, I sometimes then hurt the new products of the little person in the business. They complain very bitterly: "Here you have all these top sellers with all the best shelf space. How can we ever get into that market?"

I think we try to deal with that very much in a balancing position. We have brought in shelf management. As you sell so much, there are quotas. If you sell a certain level, you get a second size. If you sell so much more, you get a third size. You will see products on the shelf where there is one size, and they may have three or four faces.

If you take a product, whether it be Bacardi or Canadian Club, a number-one-selling rum or one of the top-selling Canadian rye whiskies, obviously it is up to four sizes and has a lot of shelf space. With the degree of shopping, you try to put it in the most convenient place for the customer because it is a top seller.

Miss Nicholas: In terms of the smaller agents, if they want to get more shelf space, or even on the shelf, you first have to make the decision that you are going to carry it in inventory and then give them enough space that someone can see they are selling their product in your store?

Mr. Ackroyd: Yes. A new product comes on board if it gets a listing at our meeting. If it comes on board, it gets 100 stores and it gets so many at the various levels. It gets the all-brand stores. Some we select, some they select, and it goes on the shelf, getting so many brands, so many facings in one size. Then sales determine from that point on. The customer will decide.

Miss Nicholas: Given that a product is likely to sell more the more shelf space it has and the more inventory it has, has there been a change in the amount of inventory from the old type of store where you used to fill out the form and it did not matter how many they had in the back--you may have taken the last bottle but you would not know that--as opposed to the new way of selling in liquor stores where you go and pick your own? Has the excess inventory that the auditor mentioned changed any?

Mr. Ackroyd: If that is the first question, I am going to ask Bill McLelland if he would address it. I am not sure I have ever seen any data go over my desk as to the inventory change when we go to a self-serve store. I know what happens to sales. I am not sure what happens to inventory. Can you help me with that one, Bill?

Mr. Chairman: Will you take a microphone please, Mr. McLelland, and just state your name and position into the microphone.

Mr. McLelland: I am Bill McLelland, regional director in Ottawa, now acting as vice-president for retail.

Miss Nicholas: Did you hear the question?

Mr. McLelland: Yes. I would have to say that you are talking about going from a conventional-type store where you sign an order out in the front of the store and the clerk picks up behind the counter versus a self-serve store. I would have to say there is no difference in inventory carried in the two stores.

Miss Nicholas: But does that not defeat the whole purpose, the more shelf space, the more inventory of a certain product? It sells more so you have keep more in stock and therefore you have bigger inventory?

Mr. McLelland: No. I would say that, instead of inventory being in the back of the store, there is just more displayed in the front of the store. As far as overall inventory in the store is concerned, the same level of inventory is carried in both operations. It is just that one is displayed in the public area while the other is displayed in the warehouse.

Miss Nicholas: I notice that you have more different brands and you have been criticized for that. Is there a move towards more brands to give more distilleries more opportunity to show their wares? Is there more focus

on, perhaps, the leaders in any one particular product of alcohol than before? Like, it used to be the big five or the big seven or whatever in the liquor store and now, if you are having more brands, are you trying to give these other people an opportunity to break into the market? Is that the whole idea of going into more brands, or is it just the whole idea of diversifying into a whole variety of different markets and trying to attract everybody, those who like coolers and those who like liqueurs? Are you trying to get everybody into the liquor store? What was the whole move towards more brands?

Mr. Ackroyd: I think there are two or three answers to that. One would be, as I indicated, that in 1984 we did not have one cooler in Ontario and now we may have close to 100. They have jumped into somewhere between five per cent and 10 per cent of the total market in a very short period of time, so we are dealing with rapid changes. Schnapps was something that just took off and grew. What we do not know is how long these things will last. Sometimes a product like that will take off and have a life cycle of its own. It may be seven years or nine years and then the novelty wears off and it disappears. We do not know that because the customer decides that. That is one issue.

Two, we were looking at an industry where the growth of wine was taking off. I remember speaking in France two years ago. We made a projection that the imported wine business, we felt, within the following year, would grow at the rate of \$50 million. When you have got a growth factor of imported wine in the neighbourhood of \$50 million, people are wanting to try new wines, people are wanting to experiment in the wines.

One only has to look at our private stock-ordering system to get some idea that, even with 3,000 products, we have got \$20-million worth of business with people who are buying through their own private system because we do not have enough variety and they want to buy something that we do not sell.

One only has to look at the phenomenal growth in our vintages program to get some idea that the shopper today--and this is true, they tell me, in all businesses--male or female, is interested in trying new things. You see new releases of products, like one the other day, and you see people lining up at five o'clock in the morning outside a liquor store. A policeman stopped and wanted to know what the customer was doing there at five o'clock in the morning. There are new releases. The 1983 Bordeaux is being released, and people are lining up for it. Last year we sold something like 900 brands that went through vintages. They are listed and maybe delisted in another day or two. You see this kind of growth pattern with the shopper today.

Miss Nicholas: I know we have had a number of discussions over the new wines coming out because my husband and I enjoy trying new ones. But I must caution you that every time you mention Australian wine, Mr. Dietsch over there has a coronary so do not go on ad nauseam about that. I think he is going to leave us all soon.

Mr. R. F. Johnston: For the record, you might tell us what kind of wine you like.

Miss Nicholas: No. My last question is with respect to the \$70 million. I am concerned at the auditor coming in and saying, "You have \$70 million of excess inventory." You said that you are going to look at it more clearly and that you are going to see how much you can cut back. I do not know that it is bad to have a little bit of excess inventory. I think, maybe, \$70 million is a little bit too much excess, but I am concerned about hurting the

small people who are trying to make it into the market--smaller than the big main brands--or people who are trying out new products.

I guess my comment would be that in trying to reduce your inventory to a reasonable amount--not \$70 million; maybe \$30 million, maybe \$20 million, whatever--I hope that you will consider looking at these people and that that is part of your whole plan in the reduction of inventory, also keeping in mind those of us who would like a little bit of variety on the shelf as well.

It is not really a question, but I know you have gone through your procedure and you said you are going to reduce your inventory, but I do not know how the auditors come up with \$70 million. Does that use every last bottle of everything, so that you have estimated it correctly in the whole year?

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Mr. Ackroyd: I think they have been very fair in the way they have gone about it. I am not being critical of them. They have taken our procedures, what procedures existed--we were not following them properly--and they have applied them. If we had stuck rigidly to it, that is how the numbers work out. As I say, we are not sure with this tremendous change in products, and new products coming in. In the area of vintages--for example, we mentioned the lineup the other day for 1983 Bordeaux--we buy on the futures market; we pass those savings on to the people of this province. We do try to bring the people of the province a wide variety of products. That is in our mission statement.

The only problem I am having with what you are saying--to some extent what I hear you saying has got me into some of the difficulty I find myself in that I sitting here today. I have had two or three people in to see me already with our last delisting; 183 products are going to be taken off the shelves. I have two more people coming in tomorrow. They are telling me I am putting them out of business. I hand them a copy of the Provincial Auditor's report and say, "Now you just sit there and read that."

Mr. Ballinger: Send them over to see Doug.

Mr. Ackroyd: I am not trying to be facetious with the Provincial Auditor, but I really have to look these people in the eye and say: "I am under a lot of criticism, justifiable criticism, and your brands are not meeting quota. I am sorry." You have heard me say we would be looking at slow-moving brands and targeting maybe on 85 per cent in stock. That means 15 per cent of the time those brands will not be on the shelves. People in Ontario have to realize this, as we tighten up inventory controls.

Mr. Chairman: Is it not possible that you could reduce inventory but still actually increase the number of brands?

Mr. Ackroyd: My first reaction is, it depends how many brands you are going to increase. As I have already indicated, when you have--take a hypothetical figure of 100 brands; if they are an Ontario winery, they get 250 stores. If you order enough product to fill those five warehouses in Ontario to the amount reasonable, even a one-month supply--not the three months that we are targeting on--because they are in Ontario, we can get them quicker--target on one month's supply--we do not know what the sales figures are, it is a brand-new figure, and we target on 250 stores to fill up the pipeline. Multiply that by 100 and that is a lot of inventory.

Mr. Smith: Along the line of questioning Miss Nicholas was using, you say there is a tremendous influx of foreign spirits into Ontario. Have there been agreements made so that, in order for us to sell products overseas or in other countries, we have to take more of their products? Are there any agreements made along those lines?

Mr. Ackroyd: No. As I say, one is watching the market, watching the growth patterns of markets. For instance, European wines are down two per cent this year. I did not get that in dollars, I did not have a figure, but I noticed they are down in litres. They are down on dollars. Those market trends will change, but what we are trying to do is be customer-driven. What does the customer want?

Mr. Smith: So it is strictly the customer; it has nothing to do with any other reciprocal agreement?

Mr. Ackroyd: No. I think what happened on the switchover, as you recall, the Ontario wineries got hurt with the ethyl carbamate issue and dropped some four million litres in a year over that issue. That product went some place else. With the new marketing structure, and the markup instruction in the Niagara accord, we have seen a swing back and we have seen a recovery of that four million litres. The sales pattern is back now to about two million litres a month, or every 28 days, just in our Ontario wines alone. You see these markets--

Mr. Dietsch: Today is not really a great day for a lot of questioning because of my health. However, be that as it may, I think I would like to--

Mr. Ballinger: If you are going to ask what we think you are going to ask, you can leave now.

Mr. Dietsch: You can bet I am. You can all leave if you like, because I am quite serious about the Ontario wine industry and some of the problems it has.

Mr. Ackroyd: I could care less if the boat from Australia ever delivers any wine over here. A tremendous amount of sales can be controlled through shelf display areas, as I understand it. I have to agree that I am not so sure the excess inventory on some products is unwarranted. To get a better understanding of that, perhaps you could start by explaining to me what you do with respect to moving products through shelf rotation. Do you move them through shelf rotation to control sales?

Mr. Ackroyd: Can I answer your question specifically dealing with Ontario wines?

Mr. Dietsch: Yes.

Mr. Ackroyd: I share your view of trying to do everything we can to support our industry and have always been very supportive of what we can do to help the Ontario wine industry. About two years ago, when we met with the Ontario Wine Council, they wanted us to try an experiment in shelf management. Instead of separating Ontario wines from imported wines, we put all the \$4 white wines together, all the \$5 white wines together and mixed imports and Ontario wines so shopping people would say: "I want a white wine. I want to spend \$5 or \$6. I go to that area." We tried that in a number of stores. Quite frankly, we and the Ontario wineries and the public all came very quickly to the conclusion that the customer did not like it. We did try that.

The most recent experiment with Ontario wine which our staff seems to like, the Ontario wineries like and the customers like--and that is a good mix, because you have the buyer, the producer and the monopoly all thinking it is a very good way of putting the wines on the shelf--was to take a section of Ontario wines, block them out, starting with A and running through to Z.

I cannot recall them all in alphabetical order, but we had a section for Andres wine, then we had Brights wines, with all the Brights wines together, then to Colio in the Cs, Chateau des Charmes. I cannot recall them all and put them in alphabetical order in my head. We found that to be a very good experiment in shelf management for Ontario wines. It is successful, it seems to be increasing their market share, and we are expanding that program with the complete support of the Ontario Wine Council.

On shelf management, the deputy minister and I have sat on a committee over the past year working with the Ontario wineries and the grape growers. They were asking for a 55 per cent solution. We pointed out to them that if you take all the Ontario wine products in this province, they are now enjoying about 55 per cent of the shelf space. We give them 40 per cent of all display space in our stores, sometimes to quite a bit of criticism in the world that we are giving preferential treatment to them. But we do give them 40 per cent of the shelf space and they have their own wine racks, which are involved in that percentage figure, by the way.

Mr. Dietsch: I know, Mr. Ackroyd, that you and I have had several discussions on this particular topic. I must say I am pleased with a lot of the co-operative approach you use with the Ontario Wine Council, and certainly your congeniality with myself on this particular subject.

In dealing with excess inventory, the point I would like to raise is that there seems to be a variance between what is excess inventory and the delivery, especially when peak times such as Christmas face us, which are opportunities for Ontario product to get out on the market. It seemed last Christmas that many outlets were limited with the amount of inventory they had of the product. Can you address that question?

Mr. Ackroyd: Are you addressing what happens when there is a slowdown in inventory over Christmas and so on?

Mr. Dietsch: Yes.

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Mr. Ackroyd: I think that deals with exactly what I have said to this committee today. We have been forcing 622 stores to go to proper ordering procedures, and we have been criticizing them for their excessive inventories. They are submitting monthly performance reports, and we are not maintaining those service levels.

I think I have already pretty clearly indicated here today that this is going to affect some of these people. They are going to be out of stock, and you are going to see that on some of the slow-moving brands. It is not only going to affect Ontario wines; it is going to affect world products, distilled products, coolers and everything else. I do not think we can tackle these kinds of figures, bring about some of this reduction and continue to give the service level that we do in this province.

Mr. Dietsch: Is there any discussion within your reorganization, if

you will, with respect to the allowance of the industry to deliver the product itself?

Mr. Ackroyd: They have the capability now of doing that. If we have any difficulty getting product out to the store, they can direct a little. They have that capability now. We pay the delivery cost.

Mr. Dietsch: What about the delivery to the hotel establishments, for example?

Mr. Ackroyd: Somebody has to help me with that one.

Ms. Gibbons: They do not do that.

Mr. Ackroyd: I do not believe they can direct delivery to a hotel.

Mr. Dietsch: The question I raise is, when you are looking at the reorganization of your excess in inventory, perhaps that is an avenue that could be explored for the control of the wineries, to be able to deliver to the hotel establishments directly. That would help to alleviate the need for excess inventory in the warehouse and the stores and would also augment the opportunity for the individual wineries to come to the particular outlets themselves.

Mr. Ackroyd: I apologize, Mr. Dietsch. Could I get back to you on that matter? I am not sure I can address it accurately today.

Mr. Dietsch: OK. Thank you.

Mr. Ballinger: First of all, I want to compliment Wendy, who has done some great research on background information on the LCBO. For those of us who are rookies here this year, it is interesting to follow, to coin Andy Brandt's phrase, "the litany of exposés" that have happened in the LCBO, going back to 1983, I think Wendy said, back to the auditor's report.

It would appear to me in reading past history in the auditor's reports that the LCBO is obviously operated from a position of crisis management. It would appear that recommendations come out from the auditor's report in specific areas, the LCBO zeroes in on those recommendations, and while it is doing that, something else falls apart.

I guess even when I look at this year, and Peter touched on it, the new warehouse went into effect in August 1985. To coin Mr. Cureatz's phrase, state-of-the-art technology was put into the warehouse, and almost three years later, we are finding that only in the last six months is it really up and running.

I know the mandate in 1975 was to have the LCBO operate as a business under the same basic principles as any business would be operated, with a bottom line. Obviously, when you are looking at \$1.9 billion in sales, there are bound to be some kinks in the system. There are a few businesses in Ontario that are considered major businesses that would like to have that kind of volume.

Even though in your statement you said you are up and running and the efficiency is at a very high level in the last six months in the warehouse, has any thought been given to Mr. Adams's comment about just-in-time technology? I am only speaking of domestic now. I understand the problems with

imports, especially your comment, which I found very interesting because I had not thought about it, on importing wines in wintertime. There is a lot of validity to heated containers that one would not normally think of.

I am more specifically interested in domestic products, which is obviously the bulk of the sales, whether they are US, Canadian or wherever they are imported from, even if it is coming across the border as a US brand, but mostly it would be Canadian. Has any thought been given to that just-in-time delivery?

Mr. R. F. Johnston: It must be free trade we are talking about here. US is domestic? I should mark this down.

Mr. Ballinger: Same climate.

Mr. R. F. Johnston: This is a change in the Liberal position.

Mr. Ballinger: Sorry. It is certainly not domestic.

Mr. Chairman: And the question is?

Mr. Ballinger: I am working on that, Mr. Chairman.

The just-in-time delivery obviously has great economies of scale. If you have the technology, you should be able to put it in place. With the staff revamping now, bringing in the people in the right places, is that an achievable goal?

Mr. Ackroyd: My first reaction, with no research--I have never read a lot on the topic, and I have already inferred I would like to get back to what Mr. Dietsch is talking about, direct delivery--is that when we buy a product, whether it is from an Ontario winery or Canadian distillery, and bring it into our warehouse, through computerized technology, we can assemble those orders and target 381 stores.

The first thing to go through my mind is that if we had every winery and every distillery running trucks to 622 stores and some 17,000 licensed hotels and bars, and we were going to pay the trucking costs, which we do pay, my guess is that the costs would be far greater than the other way. You have the economy of scale of one warehouse that is designed to handle 381 stores where the computer puts together the order for the store, and that may be 100 or 75 or 80 brands going out on a shipment.

Mr. Ballinger: Let me respond to that. I would agree, but you must remember that you are--and you said it; I am going to use your words--"the world's largest single purchaser of alcoholic beverages."

Mr. Ackroyd: That is right.

Mr. Ballinger: So there is some command, or even demand, in maybe changing the LCBO philosophy with the suppliers: "We sell this stuff. These are our rules. It is economies of scale. We are a public operation. If you want us to sell your goods in our store, then you must reach the following conditions or fit the following criteria." You really have the upper hand.

Mr. Ackroyd: But we are paying the shipping costs now. What you are referring to is that we are going to say to that distiller, "You sell us a case of Canadian Club at \$20-odd a case," and we add all our markups, taxes

and so on. If we are going to ask that person to ship to 622 stores and 1,700 licensed establishments and are going to compensate him for all those shipping costs, my guess is it is going to cost this government an awful lot more money than the present system.

As for the service level we are giving to our licensed establishments, one would only have to ask them. Most of our distribution depots now are computerized. Maybe there is one to go, but I know Hamilton, Thunder Bay, Ottawa, Toronto are; I think London still has to be computerized. If you own a restaurant in any one of those areas and you call by noon, those products will be delivered to your restaurant or hotel the next day. They are not going to get that service level by calling Hiram Walker's, Corby's, Seagram's in Montreal and having them ship to their hotels. They are not going to send them one bottle of this or two bottles of that and truck it out.

Mr. Ballinger: Who pays for the delivery to all the Brewers' Retail stores of all the beer brands?

Mr. Ackroyd: Brewers' Warehousing, again, licensed almost as their own distribution network. Of course, their markup on beer is very low, 21.2 per cent, because they are handling the whole distribution of that to Brewers' Retail and they handle distribution to the hotels. They do it through the economy of scale in a way very similar to the way we do, of large warehouses that send out those trucks every day.

Mr. Ballinger: So the Brewers' Retail absorbs the shipping costs from the brewers.

Mr. Ackroyd: They pay the shipping costs, to the best of my knowledge, but it works into the very low markup on Ontario beer, I think because of the system we have. I think that reinforces what I am saying; that is why we have the cheapest beer in Canada here in Ontario. It is because we do have the Brewers' Warehousing as a licensed distribution system that can do that.

Mr. Ballinger: Any time I have been by a beer store, there is always one of the brand trucks in the parking lot. It seems the manufacturer is actually delivering the beer.

Mr. Ackroyd: Brewers' Warehousing is delivering the beer.

Mr. Ballinger: If you drive by a retail outlet, you will see a Molson truck or a Carling O'Keefe truck there. One would only assume that the manufacturer is absorbing the shipping because it is delivering the product.

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Mr. Ackroyd: I stand to be corrected, but any time I have met with the Brewers' Warehousing--and again it is a consortium, owned by all of the breweries. They are all members in it. Even all these new little breweries have joined it. They handle the distribution to the licensees and to their 454 stores and they handle the distribution to our stores.

Mr. Ballinger: The only other question I have relates to something that Ms. MacDonald had twiggged on in the report, and that is the choosing of the brands. There is your comment about coolers. The latest thing happens to be a cooler. You walk into a retail store and there are 50 different brands of coolers. Myself, I never understand the logic of that as a consumer. I do not

drink coolers anyway, but my wife does. There I am helping you, Miss Nicholas, by declaring.

Mr. R. F. Johnston: What are your drinking habits. Go ahead. I think it is only fair. Miss Nicholas has established the precedent here.

Interjection: She is the Liberal--

Mrs. Nicholas: You will be disclosing yours in a minute, Mr. Johnston.

Mr. R. F. Johnston: I will give you a list.

Mr. Ballinger: What would interest me is the market research that goes into deciding how you arrive at what brands, whose brands. Are they supplier-driven? Is there a marketing research department within the LCBO that sort of analyses what they should be doing in the retail operations?

Mr. Ackroyd: Yes, there is. That is one thing I did not mention in the reorganization, other than we have a new ??vice-president, marketing and merchandising. If you noticed, I mentioned we will be hiring new staff.

The plan coming out of the consultants is to have what are known as assortment planners, people who will look at segments of the market and do more detailed market research than we have now. We have some now. We have people who do come to us at every meeting, every month and point out what the sales trends are, point out new products and how well they are doing in other places in the world and things they think we should be looking at.

As a specific example, Oregon Pinot Noir is doing exceptionally well. They are doing very well in blind tastings in the world, and so we tried to get an Oregon Pinot Noir into our system. We put that out in our listing and say, "We are looking for an Oregon Pinot Noir." We have a list, which goes out to the trade every six months, listing the products we are looking for. We do do some of that, but we are going to have to refine it and do more of it.

You alluded to the number of coolers. Again, the policy of the board has been, as Mr. Dietsch has alluded to, assisting the Ontario wineries. We have no wine coolers in this province except from the Ontario wineries. They have the complete market here. We have not allowed any imports into this province at the present time. The Ontario wineries were the first ones to come in the door and they have all of those. We do try to support them. If they come in with a product and then put a marketing strategy behind it, we will list it.

Mr. Ballinger: I certainly support Ontario wines but I am also a free enterpriser. Just because somebody produces something does not mean it should take shelf space. They may be comparable but they really are not comparable in taste or otherwise.

Mr. Dietsch: They certainly are.

Mr. Chairman: I would like to welcome a group of Canadian politics students from the University of Michigan at the Dearborn campus to our committee. You are welcome.

Mr. R. F. Johnston: As long as they are over age 19, it is all right with me.

Mr. Chairman: We are looking into the auditor's report on the Liquor Control Board of Ontario. Mr. Cureatz is our last questioner on the matter of inventory. I am sure he is going to ask a question without any preamble.

Mr. Cureatz: It is really an exciting topic.

Mr. Chairman: He is also the first questioner on the topic of the monitoring of the Durham warehouse operations.

Mr. Cureatz: Right. I will forgo my questioning on excess employees, since time is running out. My final question on inventory pertains to the local level, from the warehouse to the local stores. Of course, the amount of inventory is determinative, I noticed from a quote from the chairman in an article headed "Improving the Store," from the Kitchener-Waterloo Record. You go on to say, "The location of stores and the type of stores used will be tied to local preferences."

Of course, local preferences can pertain not only to what the local people would like to drink, in terms of their liquor beverages, but also what the local people would like to consider in terms of where the stores should go. I feel that revolves around inventory, because it seems to me that, as you indicated, this monopoly by the Ontario government, although it has been mandated to run it in a businesslike fashion, is indeed controlled by the government of Ontario. It is still continuing on--that is my impression through my constituency work--in a cloak-and-dagger manner in terms of its store locations.

I have had the opportunity of meeting with some of your representatives who are very professional and extremely polite under some severe questioning in regards to a particular problem that I have in my riding, but they are only following through in terms of the general direction of the Liquor Control Board of Ontario. I am suggesting the LCBO should be looking, in terms of the placement of stores, and, hence, the movement of inventory, at a more sensitive approach, because in the rural communities, unlike the city of Toronto and the larger centres, the positioning of the stores is rather sensitive. I am thinking in terms of the small hamlet, the small community in which the local traffic is rather important, not only to the liquor store but also to the surrounding businesses.

I can think of situations where you are trying to move the inventory on, say, a large highway. You are trying to attract that kind of person. People are going to the cottage, possibly, up and down the highway, and you are trying to get them off the road so you can move your inventory. Of course, moving that store to attract that kind of business disattracts business from the local community.

The two questions are: Would you consider a more sensitive approach, being a government arm, in terms of more community involvement in the placing of these liquor stores? What is the catch phrase from the last election, "A new, open government"? How about permeating the LCBO with this new catch phrase, the new open government, so that, instead of, suddenly, someone hearing some kind of announcement from on high that a liquor store is going in or not going in or is going to be moved, there is some public input, a little gathering? Is that so harmful? Could you respond to that?

Mr. Ackroyd: Maybe Mr. Pitura is thinking that question over.

Mr. Chairman: I am sure the question has caught you by surprise since there was no mention of the liquor stores in the commentaries before.

If you wish to answer quickly, with a much shorter answer than the preamble to the question you have been asked, I will let you answer the question.

Mr. Pitura: Mr. Chairman, I hope to answer it very quickly. What we are doing now is coming up with what we call store location criteria, so we do have a better handle on what our store network plans should be in Ontario. Unfortunately, we have been driven in the past by other forces in terms of what is logical in locating stores in certain areas. What we are trying to do is bring that system under control where we are more proactive rather than reactive.

Also, what we are trying to do is to see what type of public information program we can attach to that activity. I can tell you, in my short experience in the LCBO I have already seen examples where we were caught in a tug of war. Which group should you listen to: the group that wants it in A location or the group that wants it in B location? Quite frankly, we are caught in situations where we are not going to please very many people. I have witnessed that in two or three communities already.

I think what we will try to do is come up with consultation with local people which will hopefully serve the local needs and also the demands of the mandate that we have from the government in order to ensure that we watch the bottom line.

Mr. Cureatz: In terms of moving that inventory for local people, since you have been given, I think--and maybe rightly so--some directives from the present government in terms of the new openness and availability of liquor, would there be consideration, if circumstances warranted, of a typical liquor store of the category that we are used to within a community, but also an agency store that would then accommodate some of the concerns that other residents have? Instead of trying to be the catch-all for everybody, try to downsize what you are promoting and split up the operation a little bit. Is that possible?

Mr. Pitura: I think the chairman has already alluded to the fact that we are looking at this whole business of unrolling an agency program into the province and that will partly address, I think, the question you have raised.

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Mr. Adams: My concern is about the warehouse. I think, Mr. Ackroyd, I made it clear before that I see the warehouse and the inventory control thing as something which affects your entire operation. You obviously realize that.

I am really quite impressed by the way you have reacted to the recent auditor's comments and to previous auditor's comments. We have seen the responses and we have been briefed on that. I am still concerned, though, about this overall inventory management.

Given the great investment in the Durham facility, and you have other warehousing facilities as well, is it your advice that with full, modern inventory management it is possible for you to streamline your operation while still carrying warehouse facilities of this magnitude?

Mr. Ackroyd: When we opened the Durham warehouse, we closed four

other warehouses. We were renting very large facilities out at Kipling and everything was completely manual. It was hand-picked. It was moved by people with machines. We were moving product and nothing was computerized. Obviously, we had nowhere near the ability to handle the volume. So as I say, although I was not part of the decision, I would defend that we needed a warehouse of that magnitude for the kind of business we are doing.

I look at Alberta, with a small percentage of the business we have in that warehouse. The square footage compared to sales is twice as big as ours, but it has the economy of scale of its being in one place.

I think where we are falling down from the inventory standpoint is carrying excessive amounts of it at any one time. Obviously, if we can get it down that our forecasting and our ordering tables are far more accurate, and we know exactly what we are selling and how much lead time we need to order, we can reduce the amount that is sitting in that warehouse.

Durham is capable of handling somewhere in the neighbourhood of--Mr. Toran, correct me if I am wrong--about 3.6 million cases. That is a tremendous volume of inventory that it is capable of handling.

Mr. Chairman: Would you repeat that?

Mr. Ackroyd: The Durham warehouse itself is capable of handling about 3.6 million cases of product. That will give you some idea. The building covers about 13 acres. Obviously, if we can reduce our inventory with efficiency, we do not have to fill all the space, but it has the capability of carrying that level of inventory.

Mr. Pitura: I wonder if I can add to what the chairman has said. As he said in his opening remarks, we have set as a target for this coming year roughly three turns on the imported side. For the domestic lines covered, it is around 12. That is what we are aiming for in the next year.

Hopefully, in the following two years we are going to increase that number of turns, for example in the domestic, from 12 to, say, 16 and in the imported from three to five. That is one aspect.

The other thing which the chairman alluded to was the point-of-sale system. We are, unfortunately, behind the eight ball. Other retailers put in these systems 10 years ago, and they are in their second generation. We will have this unrolled into the organization in the next three years. That point-of-sale system, as I am sure you would guess, will give us much more instantaneous readout on the sales, which in turn will be fed into the distribution system which, hopefully, coupled with the turn targets, will give us much better control on where we are going in this whole business of investment and inventory.

Mr. Adams: Let us assume that all the efficiencies which have been suggested are accomplished in the warehouse so that it does operate to the expected standards. What I am trying to find out is, are you reasonably confident that even then it will not be an albatross around the neck of your organization?

Ms. Gibbons: Let me answer that in two ways. I have been struggling a little bit with what you are trying to get at here, and I could feel that we were not addressing your question. Let me see if this will help.

The organization itself recognizes that a whole new emphasis on the operations of its systems has to be put in place, and the restructuring of the organization is, by and large, intended to drive home that principle.

If the new vice-president of operations we get on board, with expertise, we hope, in inventory management, gets in there and says, "This is never going to work this way," you have to completely rethink how you are going to do business. That becomes a decision for Mr. Ackroyd with his board to take at that time.

We would not preclude doing something a different way if it is more efficient to do it a different way. If that is the answer you are looking for, I think the answer is yes. That is why we are putting a whole new organization in place. Is that the question?

Mr. Adams: Yes, that is the question. Your sense is that it is possible to run a really sophisticated inventory and sales operation with an efficient warehouse, including the one at Durham?

Mr. Gibbons: That is our sense at the moment. If the new vice-president of operations says this is not going to work to the benefit of Ontario, we need to reconsider how one best extricates oneself from the reality of, as you put it, an albatross, although I do not foresee that being a decision we will need to take.

Mr. Adams: As Mr. Ackroyd just said, the change to it has already resulted in great efficiencies.

Mr. Ackroyd: If I may just add, Mr. Adams, so that you completely understand what Durham has done, it is up to some 260-odd stores and eventually will go to our target of 380 stores it will distribute to. It is going to distribute to all the distribution depots in this province that service our restaurants and hotels. It is distributing all our overseas products to all other warehouses. You are handling nearly \$2 billion worth of products. That is a lot of products to distribute throughout this province.

Mr. Adams: Do not misunderstand me. I am simply interested in seeing how it will fit into an efficient operation.

Mr. Ackroyd: I talk to people like Dick Sharpe. I have not made up my mind what is best in what I would refer to as a push-pull system. As Len Pitura has alluded to, if we get a point of sale system up and running, we could find ourselves in a position where a computer automatically reorders what every store sells every week, unless the manager changes the order, and automatically ships it out to the store. That is very similar to large retailers.

I talked to Dick Sharpe the other day. The computer analyses what is sold for two days, the truck ships that back out by five o'clock in the morning, the truck is unloaded, and when the store opens, everything that has been sold for the last 48 hours is back on the shelf. So the whole technology is driving the inventory from the warehouse back to the store.

In our business, seasonal changes affect things, or if there is a wedding in a small community and they want something, they go to the manager and he is going to bring it in on his next order. You have to have a flexibility in changing that or adding to it. We are examining those issues.

Mr. Ballinger: Mr. Chairman, since you allowed the question by Mr. Cureatz, I want to follow up with a supplementary to his and direct my question to Mr. Pitura. What he was talking about was either relocation or a new site in a small community, any community, for that matter; I guess we happen to represent smaller communities in Ontario.

I agree with your point on site locations for new nonexistent facilities. Where I really disagree with you is when there is an existing facility. I think the most important thing to remember is that you really have a captive audience. You do not have any competition. The bottom line certainly means everything, but whether it is in A or whether it is in B, people still have to go to either A or B, wherever you choose to locate that site, in order to acquire the goods they need.

I think Mr. Cureatz touched on a very sensitive issue, where you are talking about existing operations. If somebody comes along and builds a new plaza on the extremities of the town and, for whatever reason, the Liquor Control Board of Ontario happens to think it is a better location, that may well be true, save and except that the guy who built the plaza came long after the downtown core of communities which really now depend upon, and they do depend upon, that drawing card, namely, the downtown core.

Mr. Pitura: I think Mr. Ballinger is right on. I maybe glossed over existing locations. I did not purposely do that. Certainly, the criteria we are trying to look at and establish will address existing locations as well, what does fit and what does not, so that down the road, if we have major renovations, major repairs, or leases come due, we can be in a better position to make a decision, rather than somebody writing to us or to one of our people saying, "I am developing a new plaza on Route 66 and I would like your store there." We do not want that to drive us.

We want to be able to say, before anybody comes to us, if there is a new store to be located somewhere, that is where it should be, not because somebody is developing a new plaza necessarily. Maybe I am wishful thinking.

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Mr. Ballinger: We will be monitoring this decision very closely in Orono.

Mr. Pitura: I know. I am being very careful how I choose my words.

Mr. Chairman: Mr. Dietsch, I believe, has one last question on this topic.

Mr. Dietsch: Not so much a question--well, I guess it is. I am impressed with the change since the openness of government, as Mr. Cureatz has put it, in terms of the way that there really has been a focus on improvements to the overall system. I guess for time in eternity under the previous government the Liquor Control Board of Ontario seemed to be a rather monopolized venture. With the way that you have come about and put a number of changes into place now, how long do you foresee it taking before this management plan comes to materialization? When can we expect that this plan will come to fruition? I recognize it is ongoing all the way along, certainly an awful lot more ongoing than previously.

Mr. Ackroyd: I am going to make some educated guesses here. We have headhunters looking for people and we are going to be starting some interviews

in March at the level of the vice-president of human resources. I think one would be safe in saying it will take somewhere between three and six months to find all of those top people. If I take the five directors, three vice-presidents and one senior vice-president, we have nine people to hire for those jobs. With some internal and external searches, I think it is going to take three to six months to get all those people in.

I think they are going to need some time to learn the jobs. I do not know what a reasonable period is. I always feel it takes somebody around six months to get to feel comfortable, although I have indicated I think Len Pitura has done a remarkable job in two months. He has a good government background. He has sure grabbed a hold of the business in a hurry and seems away ahead of schedule to most people.

I think it is going to take most of the year to deal with getting some of these things under much better controls in terms of inventory, etc. As I say, for our target for our staffing report to the board, with the modules they have put together and the time frame, I hope to have it to the board in September if there is no slippage, looking at how we should determine the staff of every store.

Mr. Chairman: I want to move to the overstaffing of stores. Mr. Johnston.

Mr. R. F. Johnston: As a New Democrat, of course, I only drink domestic beer, and therefore I have no interest in the inventory problem. I really did want to get down to the staffing questions.

Mr. Chairman: You obviously have not attended caucus parties.

Mr. R. F. Johnston: You are right; I do not because of my abstemious nature.

I did want to ask some questions about the staffing because of the long history of problems that I have seen over the years at the LCBO with staffing questions of one kind or another, whether it is part-timers and hiring or all the other things the auditor has dealt with in the past. In this case, what I am concerned about is that I do not see much of a response yet to the actual allegations made by the auditor, specifically around the question of the possibility of reducing your payroll by \$27 million and 890 employees. I wanted to hear from you what you thought of that. Given the history of labour relations far in the past, it scares me a bit, and I would like to know exactly what the board thinks.

Mr. Ackroyd: With great respect, I cannot recall reading the figure of 890 anywhere. Maybe I am wrong.

Let me deal with what I think some of the key issues are in overstaffing. It is my memory that the Provincial Auditor indicated some 140 positions could be redundant if we did away with those assistant managers. You have heard my remarks, and I think we would like to study that. We have a great deal of difficulty on the basis of what we have learned so far, but until we have a complete analysis of how much time it takes to do how much work and what the cost of a sale per unit is in various types of stores and look at some of the criteria we are gathering from other liquor boards and other monopolies on what criteria they have set for staffing stores, I cannot say whether they are right or wrong. I think there is some \$9 million, if my memory serves me right.

The conversion of the D stores to agency stores is mentioned in there. That is, I believe, somewhere in the neighbourhood of 140 stores. That is 140 managers. If you looked at the total part-time picture, and I am talking now about the young man or woman who may be brought in at Christmas or holidays and so on, most of those would be two-person or three-person stores. You are talking in the neighbourhood of 300 to 400 people.

In my personal view--and this will be a personal view; the government view might be different--I would not be in favour of walking into 141 communities, saying, "We are closing your store next week and we are going to issue an agency licence," and laying off all those people. I do not think the Provincial Auditor expects us to do that. I do not think the government would expect us to do that. If we get government approval, we would go, in my opinion, through a gradual plan in those communities where it makes a good business case and good business sense to convert them to agencies over time. We do require government approval on that and we have recommended that.

Mr. R. F. Johnston: You were mentioning a September deadline in terms of staffing criteria, which I want to come back to. What is your deadline in terms of the agency conversions?

Mr. Ackroyd: Our deadline for September is to have a model presented to the board of how we will staff our stores, how many people will be in various types of stores.

Mr. R. F. Johnston: What has been the assumption up to this point? Is it true that the auditor and the Legislature have had no criteria for deciding this? What has been the basis? What I do not understand is the lack of response as yet to the allegation, when you must have had some kind of rationale for how your staffing works and therefore should have some ability right now to be able to respond and say, "He is making these assumptions, and these assumptions don't apply, and this is how we have done such and such." It strikes me as amazing that you have to now come up with a totally new set of criteria by September, admitting that you have not had any in the past.

Mr. Ackroyd: I am a great believer in looking at statistics over periods of time. I pulled 10 years of annual reports and I would be pleased to give you a copy of this.

Mr. R. F. Johnston: I would appreciate that.

Mr. Ackroyd: Let me go back 10 years. It is rather interesting. Sales by board stores 10 years ago were \$927 million. The total number of permanent employees at that time was 3,569. The total number of temporaries, according to the annual report, was 2,260. We were selling 2,100 products and turned over to this province \$327 million. Ten years later, we are selling twice that much; at March 31, 1987, as I say, \$1.8 billion. We have doubled our sales. We are working out of 32 more stores than we were then. We have dropped from 3,569 to 3,348 permanent employees. We have our temporaries up from 2,260 to 2,304 and we are selling 800 more products.

When I look at it over a 10-year cycle, if the problem of overstaffing exists now, it has existed in the history of the board.

Mr. R. F. Johnston: I do not doubt that it has.

Mr. Ackroyd: I am not sure that answers your question.

Mr. R. F. Johnston: No, it does not. Those are very interesting statistics, but you must have some way of responding to the auditor in saying what the basis is for staffing decision-making in the various stores.

Mr. Ackroyd: I really have to call on the acting vice-president of retail, in fairness, because I am not sure exactly how he runs his district and how he staffs his stores. I apologize.

Mr. R. F. Johnston: That is OK. You are not expected to know everything. Politicians, even if they do not know, give an answer.

Mr. McLelland: In the past year, we have developed some new procedures, and the new procedure is to monitor the staffing in each of the stores. If I go back into the past briefly, trying to keep this in simple detail, we tried to manage it from an upper level. What we have now is a report in place where we can put ownership and accountability down to a store manager level. We now have a report that will identify his labour costs by store classification, which can be accumulated and be reported at the district level, regional level or provincial level. I think with this procedure in place it can be monitored much more easily by higher management, at the same time being monitored by lower management in the store.

Mr. R. F. Johnston: But what has been the assumption of how many employees you put in a store? I am glad you are bringing some more decentralized control in there in working it out, but what has been the assumption? If you are opening a store in Orono, as an example, what is the assumption about what the size of that store is going to be? Is it going to have three employees or what? How do you decide that at this point?

Mr. McLelland: Are you talking about the size of the store or the number of employees in the store?

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Mr. R. F. Johnston: In terms of the number of employees, do you make decisions on the basis of the size of the store? How do you decide what the staff is going to be? The auditor is saying you can cut out all these positions for various kinds of reasons. I do not see any response from the board as yet as to, "Well, that may be the case but we have done it on this basis because of these reasons." What have you based it on?

Mr. McLelland: If we are opening a new store, we try to look at the sales of the surrounding stores. We try to assume or forecast what we think the sales will be in the new store. We did have a procedure in place that determined, depending on what the sales would be, the number of employees in the store. We have had that in place right from the beginning.

Mr. R. F. Johnston: So you would actually, at this point, say to the auditor that in stores where sales have dropped since they were opened, etc., you have reduced staff, according to that? Is that assumption correct?

Ms. Gibbons: The issue that the auditor is raising is less whether or not there is a formula that the agency currently uses to staff stores but more that he disagrees the formula is right. Mr. McLelland has pointed out here they have a formula and a practice that determine what kind of staffing a store will have. The issue is whether it ought to have that particular ratio.

The study Mr. Ackroyd has undertaken is to determine whether the allegation that there are too many staff attached to the formula is in fact so. As you said earlier on, he has a difficult time understanding that one

could completely remove one of the assistant managers in every one of those stores. I think we are a few months away from knowing the answer to that question.

Mr. R. F. Johnston: I may be wrong, but I have been going from notes provided to the staff. Perhaps I could ask the Provincial Auditor. My understanding was that you thought there were no formal criteria.

Mr. Amrite: If I might address that, we have addressed that on page 130 of our report. We do say there is a lack of formal criteria. We said, "We were informed that management used informal guidelines which included the number of"--

Ms. Gibbons: As I say, there is a practice, and the practice seems consistently to be delivered across the piece; whether or not the practice is as it should be is what is in question.

Mr. Chairman: Or whether it is formalized is what is in question as well.

Ms. Gibbons: Yes.

Mr. R. F. Johnston: It seems to me it is very hard to implement something in a consistent fashion across the system if it is not formalized. Is that not the case?

Ms. Gibbons: Formalized in the sense that it is actually written down, I think, is the issue.

Mr. Ackroyd: There are a couple of things I think you would be well aware of. You open a very small store in a very small community. Let us say it is a trailer. You put a trailer into Powassan or some place like that. You immediately have a minimum. If it is a one-person store, you have the manager and you are going to have a part-time person come in and relieve the manager for roughly three hours a day, because he has his banking, his breaks and his lunch hour. So that is a minimum, regardless of sales.

Mr. R. F. Johnston: That is exactly the sort of thing I expected you would have, just like this but also down in writing, in terms of what your expectations are for various kinds of operations and why you have the management philosophy you have, which the auditor also found difficulties with. But you do make some comment around the assistant manager's position. That is what I expected you would have something in writing about, some sort of notes.

Ms. Gibbons: Mr. McLelland has just said yes, in fact there are now staffing criteria in writing. The question still is whether those are actually reflective of what the staffing should be. That is the cited objection.

Mr. R. F. Johnston: Are those available to the committee, the present criteria that you have down in writing now?

Ms. Gibbons: Sure.

Mr. R. F. Johnston: If you could make them available to the chairman, I would appreciate that.

Mr. Chairman: Surely, though, the point the auditor was making was that even with the written or unwritten criteria you have, the staffing costs, when compared to sales volume, varied dramatically from store to store.

Mr. Ackroyd: He is absolutely correct. If you look at the cost of selling the unit in an AA store, that is far more efficient on the economy scale than in a small D store. If you are referring to that, I completely agree. I do not have any difficulty with that. I think that is understandable, though.

Mr. R. F. Johnston: I was not sure from the report whether that was the limit of the discrepancy on sales volume versus staffing being made by the auditor.

Mr. Archer: With reference to the point you were making, I think we did acknowledge there were these informal guidelines that they advised us they were applying. But when we looked at a sample of stores in reference to these guidelines, we found they were not being applied uniformly at all. In our report we mention we compared 60 stores with approximately similar sales levels and noted significant differences in staffing compared to sales volumes.

Mr. R. F. Johnston: That is the point I want to get at. The 60 stores that you used, as I understand it, were similar in sales. Therefore the kind of classification difference that is being raised here was not an issue, and yet there were significant staffing differences.

Mr. Archer: Right.

Mr. R. F. Johnston: What is the response to that, Mr. Ackroyd?

Mr. Ackroyd: Sorry?

Mr. R. F. Johnston: That fact that the 60 stores they sampled had similar sales volumes yet there were major differences in the staffing components. How is it that is the case?

Mr. Ackroyd: I think the auditor is quite correct; it was not being monitored. We do not have a standard, and that is what we are going to have to develop. We are going to have to set a standard for a certain size of store, how many employees it has.

As I say, though, I have to deal with the question that I think the employees are badly in need of training. I think we need improvement in our customer service and I have some mechanism. When we are taking people away from those stores and we have to replace them, that is going to reflect on the cost and the staffing, and I have alluded to that.

Mr. R. F. Johnston: I apologize for asking so many questions.

Mr. Chairman: That is fine. You did not ask a lot of questions earlier. Mr. Adams.

Mr. Ballinger: This guy asked a lot of questions.

Mr. R. F. Johnston: Cut him off.

Mr. Chairman: I remind Mr. Adams that, indeed, he did ask a lot of questions.

Mr. Adams: I will be very brief.

Mr. Chairman: There is one person on the list who has not asked any questions, or very few.

Mr. Adams: Mr. Ackroyd, as you know, we are considering here the Provincial Auditor's report. We focus on the business and commercial side of the operation. I just want you to know that we are very conscious of the sort of schizophrenic environment within which the board works--the social responsibility side of it, the control side of it and so on.

I also think we should let you know that we realize that from the very beginning, 1927, immediately post-prohibition, when many Ontario fortunes had been made in booze, as you know, a key thing about this board has been integrity. We greatly appreciate the standard of integrity which you have brought to the board.

Mr. Ackroyd: Thank you, sir.

Mr. Adams: Thank you, Mr. Chairman.

Mr. Chairman: I have a couple of questions in terms of how the decisions are made. You are a schedule 2 corporation--

Mr. Ackroyd: Yes, sir.

Mr. Chairman: --which gives you a fair degree of autonomy. Under the memorandum of understanding, you are not required to follow all of the administrative policies in the Manual of Administration, other than those identified as applying to all other agencies. Can you tell us which areas of the Manual of Administration you are not following or you are deviating from?

Mr. Ackroyd: I am not sure I can answer that question accurately. What we did a year and a half to two years ago was to develop our own manual of administration. We went through the provincial manual, took out all of those sections that did apply to schedule 2 crown corporations and built them into our own manual; since that point, I have been developing our own manual of administration. Again, in fairness, that is something that the Provincial Auditor did point out to us, if my memory is correct, some two or three years ago. We have been doing that. I do not think we have completed that yet.

Again, when you go through reorganization, procedures change because of different structures and so on, but that is how we are functioning. I am not sure I can answer your question.

Mr. Chairman: I guess I have problems when I take a specific example and try to find out who made the decision. I will give you an example.

There is a private company that had turned out an excellent publication on wine. It was a consumer publication. It also had a lot of articles on prevention and alcoholism and other things. It was accepted by every other province except Ontario, and to this day I am not sure whether it was the minister who said no, whether it was you who said no or whether it was the deputy who said no.

I am wondering where that kind of decision is made. An MPP who is trying to ask questions is faced with, "The bureaucracy has made a decision," but who in the bureaucracy has made a decision and on what criteria?

Mr. Ackroyd: I would be pleased to address that one. I am the one who is responsible.

Mr. Chairman: You made the decision on recommendation to the minister.

Mr. Ackroyd: I did make that decision and it was prior to Deputy Minister Gibbons being in her position. I dealt with the previous deputy minister and the minister on that question.

A very quick history on it is that we had some 13 publications that wanted to be in our liquor stores. Some of them wanted to print our price book and reserve all the advertising rights. I looked at that. If we were going to allow somebody to print a price book or put a magazine in our store and sell advertising, should we tender that? Should we allow it in the first place? Should we just let anybody who printed any publication on wine put it in our stores?

Mr. Chairman: Except that all the other publications you were able to point to had a vested interest. They were owned by a particular distiller or a particular winery, whereas the publication in question was not connected with any of those. It was an independent consumer magazine.

Mr. Ackroyd: With great respect, sir, it was a profit-making organization and had advertised to everybody they sold ads to that they had the distribution rights to every liquor store in Canada. I called up a lot of the suppliers who put ads in that and talked to them personally. They said they had been grossly misled by this organization. They made promises to them that were incorrect.

I do not know whether you are aware that most of the liquor boards have phased that magazine out because they misled them. It has gone out of business.

Mr. Chairman: They phased it out because they did not get access to the major market of Ontario. You did in an Ontario publication that could have been all over Canada.

Mr. Ackroyd: That matter went all the way to the Ombudsman, and was completely and thoroughly reviewed by the Ombudsman.

Mr. Ballinger: You were vindicated, then.

Mr. Ackroyd: I do not know.

Mr. Chairman: I think it was unfortunate. You did in a genuinely good Ontario publication that had been accepted by Manitoba and other western provinces.

Mr. Ackroyd: We developed a policy as a result of that. If it is a not-for-profit organization, anything that will come along and enhance the Ontario wine industry or put messages out, anything in the way of brochures to prevent drinking and driving or social responsibility on beverage alcohol, we are very pleased to put in our stores. I am not sure we are here as a government monopoly to help some profit-making organization.

Mr. Chairman: I want to thank Jack Ackroyd and the deputy minister, Valerie Gibbons, for their co-operation. You have outlined a schedule for implementing the recommendations of the auditor. Members of the committee will certainly be looking at whether you are meeting those deadlines, as will the Provincial Auditor.

This afternoon at two o'clock we have section 5.4, observations on cost overruns and other matters related to Ontario Housing Corp.

The committee recessed at 12:12 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87:
ONTARIO HOUSING CORP.

THURSDAY, FEBRUARY 25, 1988

Afternoon Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Philip, Ed (Etobicoke-Rexdale NDP)
VICE-CHAIRMAN: Pouliot, Gilles (Lake Nipigon NDP)
Ballinger, William G. (Durham-York L)
Carrothers, Douglas A. (Oakville South L)
Dietsch, Michael M. (St. Catharines-Brock L)
Fawcett, Joan M. (Northumberland L)
Martel, Shelley (Sudbury East NDP)
Offer, Steven (Mississauga North L)
Pope, Alan W. (Cochrane South PC)
Runciman, Robert W. (Leeds-Grenville PC)
Smith, David W. (Lambton L)

Substitutions:

Adams, Peter (Peterborough L) for Mrs. Fawcett
Cureatz, Sam L. (Durham East PC) for Mr. Pope
Jackson, Cameron (Burlington South PC) for Mr. Runciman
Johnston, Richard F. (Scarborough West NDP) for Mr. Pouliot
Nicholas, Cindy (Scarborough Centre L) for Mr. Offer

Clerk: Arnott, Douglas

Staff:

MacDonald, Wendy, Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Housing:

Church, Gardner, Deputy Minister
Bascombe, Donald A., Director, Operations Review and Audit Branch

From the Ontario Housing Corp.:

Hill, Byron, Acting Executive Director, Housing Field Operations

From the Metropolitan Toronto Housing Authority:

Gaul, Kevin, General Manager

From the Canadian Union of Public Employees:

Mammoliti, George, President of Local 767

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, February 25, 1988

The committee resumed at 2:07 p.m. in committee room 1.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1986-87
ONTARIO HOUSING CORP.

Mr. Chairman: We have with us today the Deputy Minister of Housing, Gardner Church, and Byron Hill, the acting executive director of Housing field operations. I understand that David Greenspan, who is the chairman of Ontario Housing Corp., was called to an Ontario Municipal Board hearing that was very important for the corporation. Therefore, we respect the fact that he has very good reasons for not being here. I am sure we will obtain most of our answers, if not all of them, from the people we have at the table. If at any time you feel it is absolutely imperative that Mr. Greenspan appear, we can reschedule him.

The matter we are dealing with is section 5.4. Before we do that, since I see a majority of the committee here, I want to give, by way of explanation, some indication of what it is we are about tomorrow. The purpose of tomorrow's meeting in camera is to provide members an opportunity to deal with the first week's hearings and to give input to our researcher so she will have indication of some matters she might put in the draft of the report.

I was concerned that some of you who have been substituting on the committee for these two weeks would not have your ideas adequately reflected in a report that might be written some six months from now. It is an information-sharing opportunity. If anyone feels he or she cannot be here, I hope you will feel free to provide a written summation of some of your concerns. We have already received one from Mr. Reville. I understand Mr. Dietsch has met with Wendy MacDonald and provided her with some of his concerns, as he cannot be here.

There will be no votes tomorrow. There will be no decision made. It is simply an opportunity for members of the committee to have some indication of where other members feel the issues have taken us.

Mr. Ballinger: Thank you, Mr. Chairman.

Miss Nicholas: Could you give some indication of how long you think this might be going, so folks can make constituency appointments?

Mr. Chairman: If only three people show up, I suppose it will be shorter than if 10 people show up.

Miss Nicholas: Do you think it will be over by 12 noon.?

Mr. Chairman: I am aiming at 12 and we are starting at nine o'clock. I understand Mr. Johnston will be there.

Mr. R. F. Johnston: I will be gracing you with my presence again. That is more than you can stand, I know.

Mr. Chairman: Mr. Jackson will be there.

Mr. Jackson: I would not miss it for the world, Mr. Chairman.

Mr. Chairman: Good.

Mr. Ballinger: Oh, good.

Mr. R. F. Johnston: Maybe we can order in some Cointreau.

Mr. Chairman: Mr. Ballinger will be there, so I do not know what he intends to bring.

Mr. Jackson: Mr. Cureatz will even be there. That might influence Mr. Ballinger's attendance.

Mr. R. F. Johnston: Do you still think we are going to finish at 12?

Mr. Ballinger: That might have just killed the quorum, Cam.

Mr. Chairman: That might influence whether we finish at 12 o'clock.

Miss Nicholas: OK. I will book later appointments later then.

Mr. Chairman: We have an opening statement from Gardner Church, the Deputy Minister of Housing.

Mr. Church: Thank you, Mr. Chairman. I would also like to introduce today Arnie Temple, as well as Mr. Hill. Mr. Temple is the general manager of corporate resources and is here, basically, because Mr. Greenspan left an empty chair.

It is certainly a pleasure for me to be here in a brand new capacity. My previous appearances before various committees have been principally in a policy role. It is an opportunity for me to indicate to you that I recognize and am quite delighted with being ultimately accountable and responsible for the activities in the Ministry of Housing. I take those responsibilities very seriously.

In the proper execution of my office, I understand that I have full responsibility for the operation, not only of the ministry but also for the agencies. The one that is most topical in your report, which we are talking about today, is the Ontario Housing Corp.

Before I get into the specifics of the auditor's report, for some of the new members and for my own purposes, I would like to review something about the corporation and what it really is. From the people perspective, it is serving 250,000 Ontarians from a variety of walks of life and has a population, therefore, somewhat greater than the city of Windsor. It is a pretty good-sized operation.

The portfolio is made up of 84,000 units in single, multiple and semi-detached form. That means that the tenant households on rent geared to income pay 25 per cent of their income in rent and the rest is made up by our subsidy. The same formula applies to the 14,000 rent supplement programs that are administered by OHC. Because rents are structured on income, the subsidy amounts that are paid, which amount to about \$1 million a day, mean that we are running an operation with a total expenditure, that is, revenue we receive plus our subsidy, of \$750 million a year.

Running an organization as complex as this with its 1,200 projects is not without an occasional headache, particularly when the operation is decentralized to 58 housing authorities with a total staff in excess of 2,000.

Because the Metro Toronto Housing Authority is responsible for about one third of the Ontario Housing Corp. portfolio, it has a full-time chairman. Many of you will know John Sewell, the former mayor and newspaper columnist, who is bringing fresh ideas to the organization and its almost 100,000 tenants. The housing authority system is certainly not perfect, particularly with an organization as large as ours, but we think, overall, we are doing a pretty good job.

In common with other areas of the ministry, it has been under increased pressure in the last couple of years, and the impact on the MTHA, where the pressure has become quite intense, has been significant.

We certainly welcome the auditor's comments and we are constantly striving to improve our operation. We find the audit process, both internal and external, extremely useful in zeroing in on soft spots.

This brings me to the specific issues that we were asked here today to discuss. Fifteen of the 100-plus projects in Metro are handled through private management contracts that are let out to tender. One company which handled two such projects had overruns during its contract, which ran from January 1984 to December 1986. Internal audits and the Provincial Auditor observed significant cost overruns arising from the first year of this contract in 1984. An explanation was proffered at that time and it appeared to be reasonable.

However, towards the termination of this contract in 1986, a noticeable increase in billings occurred. This led to authority staff scrutinizing all transactions that had taken place and isolated what appeared to be questionable billings. As many of the members know, this has gone through several levels of review and has resulted in an Ontario Provincial Police investigation which is, at this moment, ongoing. I do not think I should comment too much more on that specific issue, except to recognize that the system obviously had some holes in it that had to be plugged.

In the past two years, we have completely revised our management contract to ensure that the authority is better protected against unauthorized cost overruns and to provide a basis for a more comprehensive monitoring of private management agreements.

Housing authority staff are evaluating the improved systems of controls. The evaluation will include the type of monitoring system required, auditing, accounting and maintenance inspections, or a combination of those functions. Recommendations will go to the housing authority members in late spring or early summer.

Meanwhile we are determined to make sure that the tighter controls work. With that in mind, a new tendering system has been developed and the first contract incorporating the new checks and balances became effective a year ago last January at Bleecker and Wellesley in downtown Toronto.

I am pleased to report that the first year results show that maintenance standards of this project are uniformly high and costs are all within budget. All private management companies are now signatories to the new contract with the exception of one contract which will expire at the end of December.

Members of the committee will be interested to know of the measures we have put in place through the tendering process to prevent cost overruns. They are: a three-year operating budget that cannot be exceeded as part of the tender submission; tender submissions based on comprehensive property management specifications provided directly by the housing authority; a performance bond of up to \$1 million which must be obtained, depending on the number of units that are managed by each company; regular maintenance inspections by housing authority staff; and, finally, what I might call noncontract expenses which must be approved in advance by the housing authority.

This would happen only on an exceptional basis to cover emergency expenses for items such as roof leaks and burst watermain. That is the housing authority's five-point strategy focusing on the tendering process and performance evaluation.

I would like now to address the second issue raised in the auditor's report, which the auditor describes as the high incidence of workers' compensation claims in the Metro Toronto Housing Authority.

Mr. Chairman: I wonder if we could deal with each issue.

Mr. Church: Sure.

Mr. Chairman: Since you have very conveniently dealt with them in the same way as the auditor, it might be easier. In this committee, we have tried, when there have been three or four issues, to deal with them an issue at a time in order to focus.

Mr. Church: Sure thing, Mr. Chairman.

Mr. Chairman: You have very conveniently dealt in your remarks in the same way as the auditor has.

I am wondering if members have any questions on the first issue, namely, the auditor's claim of high and questionable cost in some privately managed housing projects.

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Mr. Adams: This is a bit general, but it relates to it. It seems to me that you find yourself directed by one level of government, having to deal with the metropolitan level of government very, very closely--and that is more or less what we are discussing here--and, of course, working also with the federal government. I wonder if those intergovernmental relations restrict you or affect you in your organization.

Mr. Church: The involvement with the Metropolitan Toronto Housing Authority does not give us any great problems, although Metro is very much involved in recommending members for the authority board. The accountability and responsibility and management system in place is entirely controlled by the Ontario Housing Corp., so we have pretty direct and immediate supervision and accountability for that organization and Metro represents no significant intergovernmental issue there.

There is, of course, a very significant intergovernmental issue vis-à-vis the partner, Canada Mortgage and Housing Corp. The master agreement we have with CMHC makes OHC the managing partner, and as such, we are, within

some fairly specific and regularly negotiated terms, free to manage the portfolio as best we can. I think it is fair to say that we have obviously got tensions from time to time with the federal partner, but they are not from anything other than both of us having a very sincere interest in what we are achieving. Certainly our feeling is that CMHC has been a very fine partner and we do not have any significant outstanding issues with them.

Mr. Adams: I asked in part--we are interested in controls, and you have been addressing that certain type of control.

Mr. Church: Yes.

Mr. Adams: I am not interested in controls which would reduce your flexibility to be able to deal with problems that you are set up to deal with. Do you have any sense of that?

Mr. Church: Yes, there certainly are some issues that we are concerned with. Perhaps the most significant right now is the form in which the partnership is required to deal with allocations for nonprofit units. This has contributed to our being unable to move the nonprofit units through the system as smoothly as we would like. Because of the considerable difficulty right now in developing any kind of housing in high-pressure areas, and particularly social housing, it makes it difficult to guarantee, as a developer of nonprofit housing, that you can, in fact, bring your product on line within the time frame that is permitted by the partnership.

We would like to be able to carry those allocations over year after year so that we were not forced into an artificial time frame. That is something that CMHC is willing to consider that we are working on. In terms of management controls per se, however, I do not think we feel particularly hard done by with the agreement. It is not, from a management perspective, inflexible.

Mr. R. F. Johnston: The auditor's report talks about there being 15 projects in Toronto that have private management. Do you envisage that all 15 will continue to have private management?

Mr. Church: Yes, we have re-entered new contracts, as we said, with all but one, which is up for a retendering at the end of this year. We anticipate that that system of management, which we generally find to be quite acceptable for that part of that portfolio, will continue.

Mr. R. F. Johnston: How many are there across the province?

Mr. Hill: There is one other project in our provincial portfolio located in Hamilton which is privately managed.

Mr. R. F. Johnston: Why is it that there are only 16 projects across the province if this is such a good method of dealing with this, and why have other communities not moved towards it?

Mr. Hill: The management of the 16 projects has largely remained unchanged over the last 12 or 13 years. I do not think we are suggesting in any way that they are necessarily better managed. Results of a recent study suggest that, from a financial perspective, they are fairly close in terms of management by the private sector and by the housing authority system. So we were not suggesting in any way that it is better managed, but it certainly does serve as a good comparison, for our own purposes, to have the private sector manage some of our programs.

Mr. R. F. Johnston: Why are there only 16 in the province, and all in Metro except the one in Hamilton? Why are there none in Ottawa and other locations?

Mr. Hill: There is no particular reason why there are not any.

Mr. Church: I think the issue that is facing us now is not so much the issue of the decisions that led to the way the portfolio was put together, but more from--what I think you are getting at--our management and our satisfaction with that management. We recognize that it takes a different kind of supervision, but it seems to be one that is quite consistent with the publicly owned stock.

Mr. R. F. Johnston: With most of the information, I am just trying to figure out what the management philosophy is when you have 16, most of them in one community and one in another community. You seem to like it, but it is not being developed elsewhere. That seems a bit anomalous.

Mr. Church: As of 1975, the direct development of public housing stock was abandoned by the province, as you know, for the nonprofit program. All of these forms were entered into at least 10 years ago, in terms of either the private sector or the public sector direct. I suspect it was probably a function of the government of the time looking for different modes and forms but I do not know that.

Mr. Hill: One point comes to mind, and that is the projects currently under private management went to that form of management when they were taken over by the Ontario Housing Corp. We have not acquired properties for OHC in several years and therefore that is certainly one reason why we have not done it.

Mr. Chairman: On that topic, though, one of the criticisms of the private management system is about consistency. I have constituents who complain to me that they will have one management company, which they get used to, a manager who is doing a good job, and then suddenly the tender goes to another management and they have to deal with somebody else who does not know the people. This causes a considerable amount of duplication, a new management company trying to find out what is really going on in a project, and this is quite inefficient.

Even though on the books, in terms of dollars and cents, it may not mean anything different, indirectly it is much more inefficient than having either the same private company manage for a longer period of time or a public management where there would be a manager who would stay on the project for a longer period of time.

Mr. Church: We can certainly look at the issue of the longer-term contracts. I am not aware if we have looked at those in the past, but we can look at this issue, if you like, and report back.

Mr. Jackson: My questions have to do with the tendering process. I understand that in 1985 the auditor addressed some concerns about tendering processes and that there have been some adjustments. Yet we find this circumstance occurring. I am getting a sense from this that there was not a requirement to get two, three or four quotes in all instances and I would feel better if I knew what policy or contract the private operators were working under that allowed them to do this.

Mr. Church: You are talking about the specific overruns that led to this comment and to the investigation?

Mr. Jackson: They were not isolated to one project. I understand there were several where there were not several tenders acquired.

Mr. Church: The specific issue of the cost overruns was isolated to one company that has led us into some difficulty.

Mr. Jackson: I am not looking at cost overruns. I am looking at simply limiting the work to one tender. That is what I am really trying to get at.

Mr. Chairman: I think you may be mixing apples and oranges. What the auditor is addressing this time is management contracts. What the auditor addressed before was security contracts, if I am not mistaken. Is that correct?

Mr. Hill: I believe the auditor was referring, in terms of the previous audit, to overexpenditures by a different firm, possibly at the same project, however.

Mr. Church: I think in fact what Mr. Jackson was getting at was the issue of how we actually call the tenders for the management companies, because they are all tendered and publicly tendered.

Mr. Jackson: No, I am talking about when the decisions are made by the private company, are you examining whether they are going through a tendering process? There are reasons for a cost overrun: because there were surprises, because nobody tendered or because somebody made a mistake in the calculations. Was the process competitive or does the management contract enable them to go to single-source suppliers, either on an emergency basis or in terms of any work they are doing?

Mr. Hill: The private management companies are required to comply with precisely the same rules that housing authorities are in terms of the procurement process. The company can seek out purchases by single source up to the value of \$1,500. They retain a standing list of contractors who are available to do day-to-day maintenance up to the value of \$1,500. I am sorry; I think it is \$2,500 now, unless I am mistaken. Between \$2,500 and \$10,000, they must tender the work, but again they can use a standing list of contractors to tender that work. Any contracts over \$10,000 require public tender, with the exception of some cases when invitational tenders are permitted.

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Mr. Jackson: I used to chair a housing authority, so I am familiar with the one operated by the ministry, but not under private agreement. This is why I need to get some understandings about base in my line of questioning.

You make a recommendation that you would be looking for tenders from the group of private companies that would tender for a specific project they would operate for the ministry. You suggest here that you now require a three-year operating budget that cannot be exceeded as part of the tender submission. Help me to understand how you reconcile a cap format in your tender when you did not have that now. What elements of the agreement have changed?

Mr. Hill: There are two areas in which the expenditures cannot be

overspent. One is in the recurring expenditure. Mr. Jackson, you may be familiar with some of the language I am using because I remember you as the former chairman in Halton.

Mr. Ballinger: It was that bad, was it?

Mr. Hill: No. I do not think he remembers me, however. It was many years ago.

Mr. Jackson: I know the auditors enjoyed their short visit to our authority.

Mr. Hill: They are required to cap their expenditures in that area for a period of three years. We give them sufficient information, prior to tendering, to prepare an appropriate bid, which includes those expenditures for a three-year period. They post a bond to ensure that they will not exceed those expenditures over the three years. If they do, then we could take the bond off.

Mr. Jackson: Are there incidents where they would exceed it and you would agree to that exceedance?

Mr. Hill: Yes, that could happen. In fact, it can happen in the housing authority system as well.

Mr. Jackson: I am familiar with that.

Mr. Hill: The nature of our business is such that there are expenditures that can be unforeseen. We deal with structures in our projects and sometimes they can fail, without our knowing, quite suddenly. When that occurs, the housing authority or the private management company is required to seek out the funding required to carry out that job from a higher level.

Mr. Jackson: I have two final questions in this area of your response. Do you not believe the base rate at which your tenders would be coming in would be moved up substantially as a result of the new rules for tendering? Are you now in a position to determine that the contracts are coming in generally at a far higher rate because of the three-year guarantee and cap?

This strikes at Mr. Johnston's question with respect to the distinction between private and public administration of the units. I know the argument is that they are generally leaner and less expensive, but when I see that kind of an admin suggestion, it generally has the impact in the tendering process of raising everybody's tender.

Mr. Church: I know we were satisfied that the new format resulted in the contracts coming within budget in the first year, but perhaps I can ask Kevin Gaul from the Metropolitan Toronto Housing Authority to speak specifically on whether the budgets were higher than under the previous system.

Mr. Chairman: Mr. Gaul, take a microphone, please.

Mr. Gaul: Due, I presume, to the vagaries of the tendering system, the tenders actually came in lower under the new system than they did under the old system. Your point is well taken, but the fact is that they did come in lower.

Mr. Jackson: What does that tell you? That is an observable event. What do you chalk that up to?

Mr. Church: What am I shocked at?

Mr. Jackson: No, what do you chalk that up to? You do not get shocked at anything, Gardner. I know that.

Mr. Church: I try not to.

Mr. Jackson: You are doing a pretty good job at it, incidentally.

Mr. Church: I presume it is living proof why the Provincial Auditor makes such a fuss about tendering. It demonstrates that tendering works pretty well at getting you the best price you can.

Mr. Jackson: Have you experienced an increase in the total number of tenders?

Mr. Church: No, we are still doing the same number.

Mr. Ballinger: You could smile a little bit, Cam. It would not hurt you. Just a little.

Mr. Jackson: OK. I understand the sensitive nature of the one with the overruns. I guess my final question would be with respect to the whole area of preventive maintenance and how you build that into the private contract and the decisions, because there are some items that fall under the management agreement which are chopped up to being for preventive maintenance and long term.

Mr. Church: That is right.

Mr. Jackson: I hope we are making sure is not an area that we are skimping on in terms of making sure the contracts are all coming in at less cost. That would be the thing that would frighten me, whether it was when we were administering schools and protecting them in terms of capital upgrade. They are high-cost overrun areas as well, once you start pulling a roof and doing other things of that nature.

Mr. Church: A little later we will be getting into the issue of capital maintenance. Perhaps that is a point at which we could have that discussion. There are significant issues associated with the maintenance of the stock.

Mr. Jackson: I will not protract the discussion here, but I would be anxious to know, in terms of your management plan, if you are not supervising the audit end of it, you are at least supervising the examination of the buildings to ensure that certain work is being done, to ensure that the capital is protected. That is always a potential fear with private contracting, but it is not as weighted a factor as perhaps security, client stability and so on.

Mr. Church: Mr. Hill informs me that we do use the same methods and mechanisms with the private firms.

Mr. Jackson: Good. Thank you.

Mr. Chairman: I have a couple of questions while we are still on this item. In 1977, the standing committee on administration of justice recommended that each project be individually costed and budgeted. The reason for that was one of comparison of efficiency between managers, or in the case of private companies, between management companies, but also as a way of receiving feedback from the community, not that they would have the right to vote on the budget but at least to give feedback as to whether or not there are ways in which money is not being spent wisely by the people who live there and the people who serve the people who live there. Social workers, community workers and so forth probably have a more hands-on understanding of a project than do the people at head office. Has consideration yet been given to that being done?

Mr. Church: In just a second I will ask Mr. Hill to answer that specific question, but I would like to say I have just finished reading the justice-committee report and was delighted upon our inquiry to discover that 88 of the 119 recommendations are now implemented, which, based on the conversation I read in the standing committee on public accounts two years ago, suggests that we are still paying significant attention to that report.

Mr. Hill: Just within the last year, we made operational a new unit within the Ontario Housing Corp. called our management operations review and standards unit. This particular unit conducts assessments of the management of housing authorities, with the participation of housing authorities, of course. It looks at areas of budgeting, tenant placement practices, tenant satisfaction.

In that respect, surveys are undertaken of tenants randomly in each housing authority annually, including the Metro Toronto Housing Authority. It is somewhat in its infancy, but it has given us and the housing authorities, particularly MTHA, a very good understanding of its good management. Certainly, its client services are judged. We feel it is an excellent system. In terms of the operation of buildings, costing, etc., that is done as well.

Mr. Chairman: The costing is done project by project?

Mr. Hill: I believe costing is done on a rolled-up based and housing authorities are compared against each other.

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Mr. Chairman: If private developers can do this now, and admittedly for rent review purposes they have had to do it, why can you people not do it as a way of at least having some comparison in terms of efficiency of managers and of differences of costs between one project and another?

Mr. Hill: We have undertaken some of those analyses from time to time over the years and we have found that the numbers are quite variable, because Ontario Housing projects are in some cases very old, Regent Park being our oldest project; some are within 10 years of age. They age differently. High-rises age differently from low-rises. Family projects might require a different level of maintenance than senior citizens' projects. We have undertaken them, but the figures tend not to give us the kind of information we are looking for.

Mr. Chairman: But it might at least red flag projects that have major problems. I hope you will consider looking at that recommendation by the standing committee on administration of justice, because I am still convinced that it has some merit.

Mr. Church: I was just inquiring of the general manager whether the new information system that will be coming into place within the ministry next year would have a higher potential of being able to pull out some of those figures, and we think that is possible and we will look into it.

Mr. Chairman: The other issue raised by the justice committee was the need to identify--and it is possible to do this, I think, albeit sometimes in a rough form--those maintenance costs that are directly related to what one can call vandalism as compared to those that are ongoing maintenance costs, to isolate those and be able to identify them by project. This has the value of identifying where there are problems, and it also has some value in terms of how you are going to allocate social workers, security services and so forth. Have you implemented that particular recommendation yet?

Mr. Hill: The system the deputy minister has just mentioned will incorporate that very feature.

Mr. Chairman: Oh, good.

Interjection: That is the 89th recommendation.

Mr. Church: That is the 89th, I am told.

Mr. Chairman: OK. When I retire, then, I will have to add up all of these and take some satisfaction that you win some.

Mr. Ballinger, and then we will move on.

Mr. Ballinger: I would think the newly appointed deputy minister, in reading what I consider to be not a very complimentary account for OHC--I mean, it is almost mind-boggling when you go through going to the trouble of tendering and you are talking about private contracts. There just seem to be a whole host of problems all the way through, and I read with interest your five-point plan.

On page 4 of your report, you made a statement about the termination of the contract, "Towards the termination of the contract in 1986, a noticeable increase in billings occurred." Now, who would have discovered that particular case of the increase in billings?

Mr. Church: In this particular case, the original discovery was with the internal audit. Then it was further examined by the Provincial Auditor, and we immediately brought in the Ontario Provincial Police after a series of reviews. It is still a matter of police investigation.

I would, though, Mr. Ballinger, like to take a little bit of issue with your original statement. It certainly seems to me, as I got into Ontario Housing Corp., that I was quite startled by the very high quality of management that I saw. We certainly have, I believe, the best maintained buildings in Canada today. Looking at major housing authorities and companies around the world, I think OHC stands entirely by itself as a high-quality environment to live in.

Looking at our management systems, I do not want to minimize the concerns the auditor did raise. They are significant and they have to be addressed. I think I would be naïve to think we are going to go through any audit without finding some things we can improve. But, on balance, it seems to me the system is reasonably well managed. We are facing a couple of

challenges. I do not believe private management is one of the ones that is a significant concern. I think the issue we are going to be speaking about next related to workers' compensation is a very significant concern and something that is still a matter of concern, but, on balance, my impression is that OHC is a very well run operation.

Mr. Ballinger: I just wanted to see if you had lost your touch. Obviously, you have not.

Mr. Chairman: Fine. There are some questions on capital expenditures, but we can deal with them in the third item. I wonder if you will address yourself to the second item, which is the high incidence of workers' compensation claims in the MTHA. I imagine you will want to call some people from MTHA to join you at this point in time.

Mr. Church: Perhaps those of us here would be able to address most of the questions, but if we get more detailed, we will.

Our prime concern here, obviously, is worker safety. There are two concerns. One is worker safety and the other is claims administration. Obviously, from our perspective, the issue is to make sure that our system of management and our system of employee relations are able to ensure a much higher level of safety.

Over the past several years, the housing authority has addressed a number of programs to deal with this issue and, quite frankly, they have not worked. Our claims have still stayed high and continue high at this moment. Last summer, the housing authority management decided that nothing short of a complete restructuring of the workplace safety system was required. We need to heighten awareness of the need for safety and safe working practices, both among our managers and among our employees. To promote this, the housing authority has established a special section which will be charged with underscoring the importance of proper safety practices and techniques.

I can also report to the members of the committee that just two days ago, the housing authority management and the union signed a letter of understanding which commits both parties to the development of a modified work plan. That is a first for the authority. I believe George Mammoliti is with us today. He is president of Local 767 of the Canadian Union of Public Employees, and he was one of the signatories to this agreement.

Basically the modified work plan means that if employees are injured, they need not stay off work until they are able to fully resume their duties. Instead, they can return to perform lighter work. So employees will be returning to work at an earlier date than in the past. The modified work plan is scheduled to be implemented this summer.

Last week, a report was presented to members of the housing authority requesting approval to create the new, separate section within the administration section of the authority. Its mandate is very specific: to administer the modified work program; to foster co-operation with the Workers' Compensation Board; to clarify medical reports; and to oversee accident investigations and follow-up.

Responsibility for occupational health and safety will be transferred to the new employee health and safety section, to give safety and accident prevention a higher profile. Through the modified work program, the section will assist in the rehabilitation of disabled employees.

As an indication of the importance the housing authority is placing on employee health and safety, a member of the staff of the authority will soon begin a three-month secondment to the WCB in the office of the employer adviser. This will enable the housing authority to get a better insight about documentation, follow-up and appeals of claims. It will better prepare the housing authority to deal with the questionable claims and to improve the its track record on disputed claims.

Senior housing authority and WCB officials have established an effective liaison to make sure the issues continue to be given a high priority.

In short, housing authority management and employees are working on several fronts to cut the incidence of claims. Certainly, from my perspective, it is very important that both union and management see eye to eye on how we will approach this issue, and I think it is significant that we have begun to make some inroads in this area.

Mr. R. F. Johnston: I was wondering if you could explain to us from your perspective why there is such a high number of claims.

Mr. Church: I think there are two reasons why there is a high number of claims. One is that we are not administering as safe a workplace as we should. One of the things that I am quite determined and I know the rest of management is quite determined to do is to begin from that front. The other possible front is that the claims are in some instances not justified and that we are not doing a very good case of claims management either.

I think there is always a tendency for management to go after that first and work safety second, because work safety is a heck of a lot harder to deal with. Our view is quite the contrary. We want to make sure that we and the union agree on what measures have to be taken to make the workplace as safe as possible, and then we will deal with the issue of claims administration.

Mr. R. F. Johnston: What is the nature of the majority of these claims?

Mr. Church: Perhaps, Byron, you could answer. I believe there is quite a wide variety of claims.

Mr. Hill: Yes. The numbers I give you will be for the year 1986. The majority of claims were for injuries related to arms and legs. Back injuries were significant as well. They result from slips and falls. We have a lot of workers who work outside and during the rainy season and the snow there is a tendency to slip. There is also a significant amount of moving and lifting in the case of gardening staff, etc., and moving refuse each day.

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Mr. R. F. Johnston: I know there are a number of supplementaries on this but I will ask another. How does the Metro Toronto Housing Authority experience relate to other authorities around the province? Are there similar problems or is this isolated to Metro, and if so, why?

Mr. Church: The existence of a very high claim rate in Metro came out of a province-wide review that was done by the internal audit and finance branch of the ministry three years ago now. At that point, no other authority was up even slightly. They were operating well within the expected range. The MTHA is an area where we are experiencing that unique problem.

Mr. R. F. Johnston: It was in your own audit you discovered this several years ago?

Mr. Church: Yes, and we have been working on it since. I have to be quite clear. The first several efforts made at it have not been effective. It is only since we have really got to work with the union and management together that we have had any real expectation we will be able to address the issue.

Mr. R. F. Johnston: Does the union share management's point of view about the cause of these accidents or does it feel there are other causes?

Mr. Chairman: Mr. Mammoliti, would you be willing to answer that question?

Mr. Mammoliti: Yes.

Mr. Chairman: Would you be kind enough to take a microphone, state your name, your position and the name of your union?

Mr. Mammoliti: My name is George Mammoliti. I am president of Local 767, Canadian Union of Public Employees. Yes, we feel strongly in improving the statistics on the Workers' Compensation Board claims, which have obviously been detrimental in the past. We have signed it, yesterday as a matter of fact, and our 700 employees work with us on it and will do so in the future.

Mr. Chairman: Can you provide a copy of that to us? I assume it is public information.

Mr. Mammoliti: Yes, it is. Unfortunately, I do not have a copy with me.

Mr. Chairman: Would you provide a copy to the clerk of the committee in the next week or so?

Mr. Church: We do not have one here but we will certainly do that.

Mr. R. F. Johnston: The question, though, really is, as a CUPE rep why do you think the rates have been so high? Do you feel, for instance, there have been inappropriate claims put forward? Do you accept that kind of notion? Do you think it has anything to do with the loads and the expectations on workers or do you think this all comes under this notion of unsafe--

Mr. Mammoliti: I have to agree with what Mr. Church said earlier, in that the workplace is not as safe as it can be. That is being dealt with in other issues and through our health and safety committees, which I am very glad to see are working very efficiently in Metro Toronto housing. That is a big issue.

About the staff itself, I feel the point is that this policy we arranged the other day will help morale all over Metro, and when you are helping morale, you are helping the individuals themselves as well. They will be helping each other in that when a doctor says, "You can go to work for light duties," our staff, the 700 employees we do represent, will help that person in getting better in whatever problem he does have. That will help in morale.

Mr. R. F. Johnston: I am sure it will. It is a good policy, which should be out there throughout industry as well. It would be a great idea. What I am trying to find out is you have had a terrible record there for years.

Mr. Mammoliti: Yes.

Mr. R. F. Johnston: I am wondering what the union's role in all of that has been. Have you had any work stoppages? Have you brought complaints continually about health and safety matters without any response? How is it that it has gone on like this?

Mr. Mammoliti: We have had quite a few grievances. We have had quite a few management-labour disputes. We are not saying we have not, but we have quite a relationship going with our management right now that I am quite proud of, and this just proves it.

Mr. R. F. Johnston: I am also going to make a statement. I am delighted with a lot of the changes that have come about since Sewell has been involved and I am really pleased with some of the experiments that are taking place. What surprises me is that it has gone on for so long, when there has been, in effect, a union around. I find it hard to understand. How many grievances, for instance, were being lodged?

Mr. Mammoliti: Before I answer your question, can I perhaps just give you a why and a how this came about, the question with the compensation and the union having a part in it? We have run into quite a bit of a problem, obviously, with the staff not being able to return to work. I will give you a for instance.

An employee wants to go back to work and his doctor says, "Fine, you can go back to work, but on light duties." He then brings this letter to his immediate supervisor and his immediate supervisor does not know of any set policy for light duties; there was none in the past. Now we have rectified that with this policy so that an employee can come to work on light duties. Answering your question, it will be rectified. Yes, there were a lot of problems in the past, but we are looking to the future and not the past.

Mr. R. F. Johnston: That helps the number of days off; it does not help the number of accidents.

Mr. Mammoliti: No.

Mr. R. F. Johnston: It is pretty vague in terms of the steps that are being taken in terms of health and safety there. I would be interested to see how it does develop over the next couple of years.

Mr. Mammoliti: We have a healthy health and safety committee going right now and it is stronger than it has ever been.

Mr. R. F. Johnston: Mr. Adams, did you have a supplementary?

Mr. Adams: Supplementary: I am pretty delighted to hear about this agreement. It sounds as though it is a very considerable step forward.

I was intrigued that neither of you objected to the point about the fake applications. Neither of you appeared to deny the fact that there were people who were spuriously making claims that obviously--

Mr. Church: If I left that impression, we are aware it is conceivable that some of the claims were not managed well by management and that, in fact, they were not legitimate. Our view, however, is that it is not

appropriate for management, when clearly we have a work safety problem, to begin at that end of the issue. The right place to begin is worker safety. The right place to begin is labour-management relations. That is where we have begun.

We do have to become more expert at managing claims as well, and there may be some instances in which the claims were not well documented or the injuries did not occur at work or any number of other things. However, I think it would be nothing short of irresponsible for us, as management, to begin from that end. You have to begin somewhere and I think, from our point of view, the right place to begin is improving work safety on the spot. It is inconceivable that the high claims in the two districts are entirely an issue of poor claims administration. There is a safety issue and a significant one.

Mr. Adams: Mr. Mammoliti, when Mr. Johnston mentioned it, you did not in fact deny it either.

Mr. Mammoliti: If I did not, I just did not interpret your question at all. I am sorry. I do not believe that at all. I think there--

Mr. Adams: You need not argue. If that is a fact, I certainly do not want to pursue it. In my view, it was left hanging there and I was going to ask why, but if in fact you cannot accept that it occurred--

Mr. Mammoliti: No.

Mr. Jackson: If we do not have acceptance that there were inappropriate claims, then the real issue of focus should be how seriously unsafe the working environment is in Metro Toronto vis-à-vis the balance of the authorities and you have not been specific with respect to that item. I have negotiated 100 Canadian Union of Public Employees contracts in my day and I know the list of identified workplace improvements. Is this an information campaign we are going to undertake or are you seriously examining what appears to be a wide difference between authorities? Give us some examples.

Mr. Church: We can isolate it more than that. We now have a very good record and a very good trace on where the accidents occur and what kind of site conditions exist where the accidents occur. It is certainly the perspective of both management and labour that those are the issues we have to address, how those unsafe circumstances exist and what practices either we or labour can take to reduce the probability of those occurring in the future.

I am not going to be a Pollyanna here and say that we are going to instantly change the record of work safety, but I do think, as Mr. Mammoliti describes it, that the first thing you need is that sense of commitment and direction, and the clear view that the issue here has to be one of work safety. That is where we are starting from.

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I suspect that in a year's time we will be able to report to you with a good deal more clarity the degree to which we still have an absolutely similar view of things. It is quite probable that as we move down the pipe and come across specific issues, management and labour will once again have slightly different perspectives on this, but we are certainly both going at it with the same intention.

Mr. Jackson: I am afraid I am not getting a specific enough answer. What I am saying is that clearly you have examined the nature of the claims.

Mr. Church: That is right.

Mr. Jackson: In Toronto, have we had a spate of twisted backs from picking up the garbage? Have we had a run on hernias from shovelling snow? That is what I am asking, if you have examined what functions seem to have exploded in this region and to what extent you are looking at the operations.

Quite frankly, in the area of snow removal and garbage, there are a lot of dissimilarities and similarities. Obviously, it has implications around the entire province, if you are going to modify contracts, if they are that specific and you deal with them on a local basis; or if it is work environment and attitude versus, "Our staff is no longer going to be shovelling snow. We are going to subcontract that out."

That is why I am hoping you have looked at it from more than the aspect I can clearly see demonstrated, improved relations.

Mr. Church: Let me go back to the point I was trying to make earlier. We did make an attempt, as management, to go through that analytical procedure.

Mr. Jackson: What did you find? That is my question.

Mr. Church: What we found was not much use to us or to anyone. The processes we used did not work in reducing the incidence. Mr. Hill will give you some examples of that in a second.

I think the key point here is the degree to which we are committed to now going through this process together, of identifying the issues, identifying the ways to overcome those issues and to change the workplace. If we have to change our contracting procedures, if we have to change our management procedures, we will. I think it would be premature, as we are just beginning this process, to leap to those conclusions. I think that may have been part of the problem in the past, that there was not the close relationship with the Canadian Union of Public Employees we needed to deal with this.

Mr. Jackson: I will not press the point. You cannot embark on any process for reform if you do not have the basis of the problem in front of you. Whether you have agreement from your workers, you must start with understanding of the problem from management. I will not press it. I simply state that I am painfully familiar with the reporting mechanisms at the Workers' Compensation Board and I know the detail to which it can isolate the nature of claims. I am anxious to determine if this will have a ripple effect on collective bargaining throughout the province.

I hope you come away with a sense of what my question is, because two or four years from now, when we are going through this process, I will want to know what impact those adjustments, whether they are positive in Toronto, have had throughout the rest of the province. I will leave it at that.

Mr. Church: That is a perspective I have not thought of and will look to.

Mr. R. F. Johnston: What I do not understand about this whole thing at the moment is the lack of analysis of what has taken place within the region as well as outside the region. I gather there are six regions in the Metro Toronto Housing Authority?

Mr. Church: That is right.

Mr. R. F. Johnston: Looking at the statistics for the compensation claims from July to December 1986, there is a huge range within the region of kinds of claims. What is the analysis of the reason?

Mr. Chairman: Why is it so much more dangerous to work in my riding than in some of the others?

Mr. R. F. Johnston: Maybe we have found an explanation.

Mr. Mammoliti: May I just say that perhaps the buildings that are structured with MTHA are quite old. When buildings are old, and fixing certain items has been neglected in the past--let us take a compactor, for instance. Compactors are very expensive. There are a lot of injuries on pushing compactors, done by the bins themselves.

In the past, as I have said, it has been neglected and we have come to an agreement on looking at these items. When I said that health and safety committees are in the structure right now, they are looking at this type of thing. The health and safety committee will now, as opposed to before, recommend that a certain bin be replaced, and management will, from what I can see, replace it. I feel that will cut down considerably on the number of compensation claims in the future.

Mr. R. F. Johnston: Can you just give us the regions? Can you define regions 1, 2, 3, 4, 5, 6, etc., so I can get an idea geographically?

Mr. Hill: District 1 is considered our central Toronto downtown district. District 2 is the southern and eastern part of Toronto.

Mr. R. F. Johnston: Through to the end of the Beaches?

Mr. Hill: Yes, even further, out into Scarborough.

District 3 is our northeastern region, taking in primarily Scarborough. District 4 is our northern central region, taking in primarily North York. District 5 is our northwestern area, taking in parts of North York on the north and the northern part of Etobicoke as well. District 6 is the southwestern part of Metro, taking in primarily Etobicoke, the city of York and parts of the city of Toronto.

Mr. R. F. Johnston: Just from my knowledge of your stock, it does not seem to me that the claim ratios have any connection there at all to do with the particular age of your buildings.

Mr. Church: It is pretty apparent to us that the direct explanations are not easily found in any of the normal wear-and-tear issues, more ice or steeper hills or worse stock. The issues are much more the kinds of things that George has talked about. Byron and Kevin were both giving examples of the kinds of issues, and the compactor one was a similar example.

I think it is perfectly reasonable to conclude that we were slow picking

up on this and we are now dealing with it. That is about as specific as we can get at this juncture.

Mr. R. F. Johnston: So you have health and safety committees for each subregion.

Mr. Mammoliti: We have a major health and safety committee throughout Metro, which meets once a month. We have six individual subcommittees in each district that also meet once a month, and they take a walk around each project once a month.

Mr. R. F. Johnston: How long have they been operating?

Mr. Mammoliti: They have been operating for a few years now, but we have finally come to grips with them and we have finally drilled it through our managers' heads that they are so important, and they have finally agreed. That is what I am happy about.

Mr. Church: I would like to put on record that we agree with that analysis.

Mr. R. F. Johnston: It is the analysis I have heard elsewhere.

Mr. Jackson: Mr. Chairman, maybe we should try a similar approach, drilling the minister.

Mr. Chairman: No further questions?

Mr. Mammoliti, when the justice committee travelled to parts of Metro Toronto, particularly in region 5--I assume region 5 goes south of Dixie Road and takes in some of those projects--we were told by some of the employees that part of the morale problem was related to what they considered to be their work being tendered out to private contractors while they were not asked to do work that they were capable of doing. Do you care to give an opinion as to whether that is still a problem now, 10 years later?

Mr. Mammoliti: Definitely. I think it will be a problem for any union on contracting out. I am not sure how detailed you would like me to get here.

Mr. Chairman: Well, this is the public accounts committee, so we are concerned about whether or not there are members of your union who in fact do not have enough work to do while their work is being contracted to other people and whether or not the accusation that they are having to go around spending time supervising these people takes up more time than having them do the work themselves in the first place. Those were some of the accusations that were made by members of your union in 1977.

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Mr. Mammoliti: Being the senior groundsman myself, there is always work to be done. You can always find something to do. We instruct our groundsmen to do so.

Mr. Chairman: I think it was mainly repair people who were making these accusations.

Mr. Mammoliti: With repair people it is the same thing. There is

always the public area that has to be repaired. There is always work to be done. I do not have any stats with me here today but, yes, it is cheaper for us to do the work than to contract it out at certain times.

Mr. Chairman: Are a lot of your people doing repair work on what is being done poorly by contractors?

Mr. Mammoliti: Yes.

Mr. Chairman: Is there any effort by management to correct that?

Mr. Church: Certainly, Mr. Chairman, our policy is to use our most cost-effective way of getting a job done. If there are, in fact, incidences where we have underemployed existing staff and then still gone to the private sector with the same capacity, that is something we would be very concerned about. In terms of the issue of using the private sector, that is still done on a policy of doing so only where it is the most effective way to do the job.

Mr. Chairman: Do you keep records where your own staff has had to do repair work shortly after doors have been installed by private contractors, or windows have been installed, or do you call back the original contractor?

Mr. Church: Presumably that could only be done through specific work-order checks.

Mr. Chairman: Is that being done?

Mr. Church: On a regular basis? We are not aware of that, no.

Mr. Mammoliti: We are, however, monitoring the work orders as a union, and we are, through labour management and Kevin Gaul, dealing with problems as you have just stated. There are occasions where we feel that we could have done the work. A grievance is then lodged and we deal with it through the grievance procedure. Our managers have been quite reasonable on that, in my time as president, anyway.

Mr. Chairman: Is there a breakdown of grievances, district by district? In other words, is there any one of the six districts that has more grievances than others?

Mr. Mammoliti: I would have to pull out our files for you. I do not have them here. If I had known--

Mr. Church: We do not have our grievance reports here with us either. We could certainly check on that and get back to you.

Mr. Chairman: Moving on to the next item.

Mr. Jackson: Given the direction of your questioning, could I ask the question, are there cases where there has been an increase in contracting out relative to the increased incidence of WCB claims? Have you noticed that there may be an increase in contracting out in areas where the claims have been high?

Mr. Mammoliti: No, and the reason for that is that the MTHA has got quite an efficient temporary staff that will relieve anybody who is on WCB. I am quite proud of that system as well.

Mr. Jackson: I am not asking about the relief.

Mr. Mammoliti: The contractors do not come in for that reason, because the work is still getting done.

Mr. Church: It is the correlation you are looking for more than cause and effect, I presume. We have not done that, but that would be something we should check.

Mr. Jackson: I think that would be fair. Have there been any cases where contractors have been brought in at the request of tenants instead of having regular staff do the work? That is an experience I have had as chairman, that we had the union staff doing it and the tenants, in cases where they had to contribute part of the cost for the work, had said they wished a private contractor instead of the union. Do you have any cases of the reverse of what the chairman was suggesting, that, because of inferior contract work, you were called in? Has the reverse ever been the case, to your knowledge?

Mr. Mammoliti: No. there was one case a few months ago where some tenants decided to create some kind of a group to pick up glass and items outside, but we were totally against that. Somebody could get hurt. A tenant could get hurt.

Second, are these tenants trained in this field as to what contractor to call? No. The only case relative to what you have said is the one I have just stated, but to my knowledge, there is nothing other than that.

Mr. Jackson: I do not think it would be fair to pursue the example given but I just wanted to bring some balance into the chairman's questions and thank him very much for his questions.

Mr. Chairman: The chairman is always balanced because of his experience of being Housing critic and having forced a major inquiry into Ontario Housing Corp. So I think he knows something about the subject.

Mr. Smith: I just want to follow along with some of the questions asked by Mr. Philip. These seem to be quite astounding figures for 1986. Have you seen an improvement through the first half or the first three quarters of 1987? Do you have that type of information here? Are we going to be coming back a year from now and hearing 1987 figures that will astound us even further, or do you see progression in the right direction?

Mr. Church: Certainly, 1987 figures will not astound you. They will be the same. I am hoping we will be able to astound you with the last half of 1988. The solutions that were tried in 1985 and 1986 did not significantly change the record. It is not until this series of changes which George has just outlined that we have any confidence that we now have a methodology in place that will allow us to work those claims down.

Mr. Smith: We should stay calm through it all.

Mr. Church: I would not get your expectations for 1987 all up high.

Mr. Chairman: Can we move along to the next item?

Mr. Church: Turning then to the auditor's comments concerning our tendering process--I am sorry Mr. Ballinger is gone--I was just about to say that in our review 96 per cent of our contracts over \$10,000 were tendered on a public and advertised basis. Since he has gone, I cannot get that point in. Would you pass that on to him?

The letting of contracts between public bodies and private enterprise is always a sensitive issue and, of course, we are constantly on the horns of maintaining a balance between fairness and ensuring our good business practices and probity in the expenditure of public moneys.

Directives and guidelines for local housing authorities are contained in the authorities' manual of administration, and these were issued prior to the auditor's report being published. They state that contracts in excess of \$10,000 must be let by public tender or invitational tender. Invitational tenders are allowed for specialized work in which a particular expertise or technology is required or, of course, in emergency situations.

In terms of the contracts that were awarded in 1986 by the North Waterloo Housing Authority that were noted in the auditor's report as being an invitational rather than a publicly advertised bid, of the 13 invitational tenders, two of the largest were for roofing contracts valued at a total of \$304,000. This work was of a highly specialized nature requiring special expertise and equipment available only from nine firms in the Kitchener and Toronto areas. All nine firms were invited and we received three bids in one case and two in another.

The improved reroofing system in both cases to be used involved a polyurethane membrane. Because of this, the contracts were let by invitational tender, in accordance with the appropriate guidelines. The remaining eleven of the contracts totalling almost \$500,000 were let by invitational tender by the authority in order to ensure that the work, which was all external, would be completed by the onset of winter. The 11 contracts included five roofing contracts totalling \$214,000 in value. However, they were not specialized. They were normal roofing contracts.

I would like for a moment to clarify the term "unused funds," which was used both by our staff and by the Provincial Auditor, and dispel the notion that seemed to be implied that OHC was somehow in an unseemly rush to spend its money before the end of the financial year.

By way of background, the maintenance of OHC projects across the province is planned on a three-year basis through the housing authorities and the ministry's regional offices. Because of its magnitude, MTHA has a five-year plan. These long-range plans are the primary basis of the OHC budgets.

Not many people recognize the significance of OHC's portfolio, and this was the point that Mr. Jackson was mentioning a while ago. If we were to build all 84,000 units today, we would be looking at a replacement cost well in excess of \$6 billion, so the maintenance of this asset for both CMHC and ourselves is our number one technical priority.

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There are two prime reasons. The first concerns the quality of the living environment for a tenant, and it is critical that the properties be kept in good shape. Capital expenditures are shared between CMHC and ourselves on a 50-50 basis, and there is a well-established system in place, a system we have used for years--there is nothing new about this--to ensure that the corporation can carry out its responsibility with regard to maintenance.

Once a capital expenditure budget is struck, the information is fed into a tracking system at the regional level and at head office. The purpose is to

ensure that funding earmarked for a particular project is diverted to another priority project if, for example, the first project cannot go ahead as planned. By no stretch of the imagination can this be described as either unused or surplus funds. It is part of our tracking system. It is a legitimate method of disbursing funds according to the budget, and we would be open to criticism if we did not use the available funds for the next-highest-priority maintenance item.

There is always an unpredictable element involved in capital expenditures. The process, of course, includes drawing specs as part of the tender process, and there are many cases of consultation with tenants. There are other factors such as the availability of contracting firms, the extent of the rework and the short construction periods because of seasonal limitations. So the short- and long-range plans are continually updated and modified.

In 1986 the ministry's southern regional office recognized that certain maintenance projects planned for that year would be delayed, and they recommended that the North Waterloo Housing Authority bring forward a number of projects which had been slated for 1987. However, we have to concede that as far as North Waterloo Housing Authority is concerned, the desire to maximize maintenance work for that year was allowed to overshadow the need for advertised tender calls in some cases.

I think probably at this point, too, Mr. Chairman, I will cover the one extra point that is somewhat related to that.

The auditor is critical of staff estimates as well, citing an \$82,000 contract to install aluminum siding that was \$32,000 more than the estimate, and another contract to cover wood siding and window frames was for \$31,000, compared with the staff estimate of \$12,000. The auditor is quite right in his comparisons. However, the estimates and the actual costs do not refer to the same amount of work. In both cases the estimates reflect the original budgets, but the work was substantially increased with the approval of the ministry.

Mr. Chairman: That is what Phil Gagliardi used to say in British Columbia every time.

Mr. Church: The highways, unfortunately, in those cases were the same length, but in this case we actually did do more work.

Mr. Chairman: The amount of fill was not, though.

Mr. Church: That is possible. But in both cases our technical advisers are of the opinion that the actual costs are reasonable for the work that was performed.

Just in very quick summary, the one issue that we think requires us to be vigilant is the invitational tenders in the 11 cases where, in all probability, it was more appropriate to have public tenders, and we quite agree with that. The new tendering guidelines, as we say, have been put out.

Mr. Adams: We have been told that there is a review of your tendering process by the operations review and audit branch. What stage is that at?

Mr. Church: There have been several reviews by internal audit of various tendering processes. Don, is one under way now?

Mr. Bascombe: Yes.

Mr. Church: Yes, an internal audit is now under way, and here is the internal auditor, Don Bascombe.

Mr. Chairman: Could you state your name and position into the microphone, please?

Mr. Bascombe: My name is Don Bascombe, director of operations review and audit branch.

We started a ministry-wide audit of the tendering process last December. That audit is now under way. We expect to be finished our field work by the end of March. The audit report should be issued towards the end of May. The field work is now in process by about five auditors across the province.

Mr. Adams: I suppose it would not be appropriate for me to ask Mr. Bascombe how he enjoys his work. Mr. Bascombe, yesterday afternoon we were in fact looking at the auditor's comments on the internal audit system.

Mr. Bascombe: Yes, I was aware of that.

Mr. Adams: Do you enjoy your work?

Mr. Bascombe: Oh, immensely.

Mr. Adams: Good. Thank you, Mr. Chairman.

Mr. Chairman: I trust that you do not have any further relevant questions arising out of the auditor's report?

Mr. Adams: No, I do not. I appreciated the answer. Thank you.

Mr. Church: I wonder if I might, Mr. Chairman, on the relevant point that Mr. Adams just raised--

Mr. Chairman: What, "Do you enjoy your work?"

Mr. Church: I not only enjoy my work, but I enjoy pointing out that we are the one ministry with the plan that was mentioned yesterday.

Mr. R. F. Johnston: I have a question which involves itself with tendering. Although it is not specifically involved with the matters raised by the auditor, I am sure it is something that might be of interest to him. I do not know if you are going to find this in order, Mr. Chairman. Why do I not express it and then you can tell me whether it can fit, in terms of guidelines.

It is to do with the approach taken in dealing with maintenance contracts around elevator maintenance in the province. I have a particularly bad problem with the Teesdale units in Scarborough where the breakdown rates are just phenomenal and have caused all sorts of really difficult problems for a lot of people who are handicapped and old. It has really been a very frightening experience for an awful lot of people.

In the process of trying to get things improved there, we discovered that the contracts you have with the elevator companies are such that it is to the elevator companies' financial benefit to come in as a result of a complaint, fix the particular complaint and ignore something else which may be wrong with the elevator and wait for that to break down that night or the next morning so they can be called back. Your cost for elevator contracts has been

skyrocketing in places like the Teesdale building or older buildings like that because of this.

I understand there is some possibility that you are going to move to a new system of tendering, where you are going to have an all-inclusive contract with the elevator company which will take into account emergency visits as well, so they cannot charge extra for all these emergency visits on top of it. Therefore, they will be more likely to give accurate estimates of what they are doing and maybe better service. Is this actually happening? If it is going to happen in Metro as a result of these problems at Teesdale, is it something you are expanding to the province? I think it would save you millions of dollars if that is the case.

Mr. Hill: Mr. Gaul informs me that is taking place currently in Metropolitan Toronto. It is interesting that a fellow from MTHA is informing someone from the ministry that the ministry is undertaking that process throughout the province. I might add that there is a major program about to be undertaken in MTHA initially, and we will be expanding it across the province, to install sensitive controls in the elevators which will alert those in the housing authority very quickly to breakdowns in the equipment. We think this is going to have a major effect on expediting the calls to the contractor and getting the contractor out to the site quickly.

Mr. R. F. Johnston: It has been an enormous problem. We can go into the horror stories of the case. The issue, I thought, was really interesting, that we had a really counterproductive contracting approach in terms of the expense to the ministry. It might be something which would apply to other kinds of maintenance contracts you have; I do not know. If it does, it is the kind of thing your own internal audit should be having a look at.

Mr. Hill: Thank you for bringing that to our attention. I find it very interesting. It is news to me.

Mr. Chairman: A major problem in my riding, indeed a tragedy, has been the joyriding in elevators. The coroner's report indicates that it is technically possible now, at a cost, to make elevators foolproof from joyriding. Do you have a program under way to stop this? It is horrifying not only in terms of the children who die in the process and their parents, but also for any poor soul who happens to find himself in an elevator that is out of his control because there are a bunch of kids on the roof of the elevator.

Mr. Church: Yes, we do, Mr. Chairman. This is something that obviously is a very serious and significant concern. It has not been easy to come up with a mechanism that will work. However, we are confident that in the work we have now done with the Ministry of Consumer and Commercial Relations elevating devices branch, we have identified a series of mechanisms which will ensure that only the most determined and destructive individual will be able to get into the elevator shaft. The hoistway will always be an area which, if somebody is really determined to get in--it is literally impossible to prevent somebody, for example, with a crowbar from getting in.

Mr. Chairman: Will these be installed?

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Mr. Church: Yes. Perhaps I can give you some sense of the measures which are now at the point of being finalized for initial installation in some of our high-risk buildings. The buildings have been divided into two groups,

high-risk and lower risk. The mechanisms that are being considered for the high-risk include a hallway locking system within the elevator locking system, because you are talking about two independent access methods, a hatchway locking system--these are all in addition; they are not one or the other--a system that I was told I must not describe because we do not want to give the people who might short-circuit it any information. It is a system which will detect a presence on the roof of an elevator.

Mr. Chairman: The pressure system.

Mr. Church: That is one of the options. There is another one that will immediately stop the system when it is occupied. There is one other mechanism associated with entering into the elevating room itself. All of those mechanisms are now being employed on a research basis and will be tried out first in our buildings. We will address a much wider population than OHC buildings because, as you may know, of the six deaths from joyriding in the last two years, only two occurred in our stock.

Mr. Chairman: So are you expecting installation within six months, a year?

Mr. Church: It certainly is earlier than a year. I am afraid I do not know what the specific installation plans are, but as soon as our technical people are content that we have the wrinkles ironed out, we will be putting them in. It is a very expensive proposition as well.

Mr. Chairman: Maybe you can send me the information when you do have it.

Mr. Church: Sure.

Mr. Chairman: I want to tell the committee that I recognize that the last line of questioning was completely out of order since it had nothing to do with the auditor's report.

Mr. Ballinger: We have to allow you a little latitude.

Mr. Chairman: The chairman bows to temptation, the same as other members. I would like to ask a public accounts question, however.

Mr. Ballinger: We will remember that at the next meeting.

Mr. Chairman: I only asked it at the end of the afternoon. If you are going to ask that kind of question, it had better be at the end of the afternoon.

By legislation, private companies such as corporations must build in reserve funds for capital expenditures and capital replacement. We now have the state of engineering in corporations that can estimate the life expectancy of any major component of a building, be it the furnace or the roof or the foundation itself. I wonder why it is that while the government can impose that on private industry, it still has not found a way of building future capital expenditures into its regular yearly budgets on its own buildings.

We have a problem in the universities right now. We are finally caught up with the fact that we have lived assuming that these buildings would never deteriorate and we are going to be faced with major capital expenditures. We have the same problem with Ontario Housing.

Mr. Church: You may have to expand your question a bit. We do not set aside a reserve fund, capital amounts for building repair. Obviously, the principle reason that is required when an enterprise is running a facility is the fact that there may not be access to revenue in the future. I think it would be something that both the federal and provincial treasurers would be reluctant to see us do. However, we do very much have a capital maintenance budget and we do every year devote very significant amounts to the preservation of the stock.

One of the things I was interested in when I took over was that very issue. I was very encouraged. I was taken around and shown several of the older, more difficult OHC buildings, one group in particular, immediately adjacent to a set of private sector buildings. I can tell you the difference in the quality of those buildings was tremendous: the state of the parking garage, the state of the roofs, the state of the spalling along the walls. The buildings were in significantly better shape than those of the private sector.

That is not to suggest that we are taking it easy, but I do think that our capital budget system is doing a pretty good job.

Mr. Chairman: That might depend on whether you are comparing the private sector's condominiums or its rental buildings.

Mr. Church: Yes, you may well be right with that.

Mr. Chairman: The problem, though, is that your stock is getting older and older. You said yourself that you are going the co-op or nonprofit route rather than the government-owned and -operated route and, therefore, your capital expenditures are likely to become more and more expensive year by year. It seems to me that what you are doing is making the people tomorrow pay for the lack of maintenance today.

Mr. Church: I should tell you that is a real issue. This is beyond the capital maintenance issue. This is the life-of-stock issue and I think you are absolutely right that it is a matter of some concern. The Ontario Housing Corp. has established a regeneration committee. It is examining the issue of how to regenerate the stock. Even the best of our structures will not have a perpetual life and will at some point have to be replaced. The mechanism for doing that is obviously tricky.

We do not want to see a reduction of units in that process. We do not particularly want to see a significant increase in density in many areas as a result of that process, but obviously with the higher building costs, we are going to have to find some method of doing that. I wish Mr. Greenspan were here because the committee is reporting to him. We are very optimistic that in the next six months or so we will be receiving some very interesting ideas on redevelopment and regeneration.

Mr. Chairman: I must say, as a former Housing critic, I have noticed some considerable improvements since Mr. Greenspan became chairman. There is a long way to go, but it is hard to take over something like Ontario Housing and turn it around quickly. All of us would like to see him go a little faster, I guess, but I hope you will tell him that he does have at least the best wishes of this member of the Legislature. I appreciate that he is accessible to us and does take our views under consideration. Thank you for coming.

Mr. Carrothers, did you have a question to ask?

Mr. Carrothers: My timing is impeccable. No, Mr. Chairman.

Mr. Chairman: We stand adjourned until nine o'clock tomorrow morning.

Since some of you are not going to be here tomorrow, I am going to ask that--

Interjection: We adjourned.

Mr. Chairman: We adjourned but I forgot to give you the report of the subcommittee. We can either vote on it tomorrow with those who are here or we can vote on it now, whichever is your pleasure.

Miss Nicholas: The only problem might be that we are missing a member from one of the parties at the moment.

Mr. Chairman: I do not think there is going to be a close vote on the committee report, but we will take the vote tomorrow then.

The committee adjourned at 3:38 p.m.

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